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IMPLEMENTATION OF THE INTERNATIONAL COVENANT ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS

Initial reports submitted by States parties under articles 16 and 17 of the Covenant

Addendum

ICELAND

[25 May 1991]

CONTENTS

		Paragraphs	Page
Article 6:	Right to work	1 - 38	1
	Principal laws	1	1
	Employment	2 - 10	1
	Free employment services	11 - 14	4
	Vocational guidance, training and rehabilitation	15 - 20	5
	Arbitrary termination of employment	21 - 30	6
	Protection against unemployment	31 - 38	7

GE.92-15529/4436B

CONTENTS (continued)

		Paragraphs	Page
Article 7:	Right to just and favourable conditions of work	39 - 122	10
	Principal laws	39	10
	Remuneration	40 - 47	11
	Equal pay for work of equal value	48 - 72	15
	Safe and healthy working conditions	73 - 82	19
	Equal opportunity for promotion	83 - 111	22
	Rest, leisure, limitation of working hours and holidays with pay	112 - 122	29
Article 8:	Trade-union rights	123 - 142	33
	Principal laws	123	33
	Right to form and join trade unions	124 - 130	33
	Right to strike	131 - 142	34
Article 9:	Right to social security	143 - 144	36
	Principal laws	143	36
	Main features of the scheme in force	144	36
Article 10:	Protection of the family, mothers and children	145 - 258	45
	Introduction	145 - 155	45
	Day care for children	156 - 160	49
	Affairs of the elderly	161 - 188	50
	Right of the family to social, legal and economic protection	189 - 192	57
	Housing	193 - 239	59
	Protection of mothers and children	240 - 258	68
Article 11:	Right to an adequate standard of living	259 - 261	73

List of appendices */

No. 1: Acts concerning the labour market in Iceland:

Act concerning professional rights of aliens;
Act concerning trade unions and industrial disputes;
Act concerning public employment exchange;
Act concerning labourers' right to advance notice of termination of employment;
Act concerning State guarantee of wages.

No. 2: Act No. 100/1952 as amended by Act No. 49/1982 on Icelandic nationality.

No. 3: Wage and Terms Agreement from 1 May 1989.

No. 4: List of civil servants excepted from the right to strike.

No. 5: Act concerning wage and terms agreement of civil servants, No. 94/1986.

No. 6: Employment in Iceland - Practical information for foreign nationals.

No. 7: Act No. 65/1985 on the equal status and equal rights of women and men.

No. 8: Adoption Act No. 15/1978.

No. 9: The earnings of men and women (Tekjur karla og kvenna).

No. 10: How equality can be obtained in the workplace.

No. 11: Action Plan for Nordic Cooperation on Equality.

No. 12: Reply to the ILO questionnaire on the cost of social security covering the years 1984, 1985, 1986 and 1987.

No. 13: Act No. 64/1981 on unemployment insurance.

No. 14: The Nordic ERYT project - final report, May 1990.

No. 15: The Constitution of the Republic of Iceland.

No. 16: The Icelandic Law in respect of children, No. 9, 15 April 1981 (cf. Law No. 44/1985).

No. 17: Act No. 51/1989 on measures in connection with wage and terms agreements.

No. 18: Act No. 59/1983 on health services, with amendment No. 75/1990.

No. 19: Act No. 67/1971 on social security with later amendments.

*/ These documents can be consulted in the files of the Centre for Human Rights.

Article 6: Right to work

Principal laws

1. The principal laws covering the provisions of the article are the following:

(a) Act on 40-hour Working Week, No. 88/1971;

(b) Act respecting Trade Unions and Industrial Disputes, No. 80/1938;

(c) Act respecting Public Employment Exchange, No. 18/1985;

(d) Act respecting Labourers' Right to Advance Notice of Termination of Employment;

(e) Act respecting State Guarantee of Wages, No. 23/1985;

(f) Act respecting Professional Rights of Aliens, No. 26/1982;

(g) Act on Unemployment Benefits, No. 64/1981;

(h) Act on Equal Status and Equal Rights of Women and Men, No. 65/1985;

(i) Various collective agreements.

Employment

(a) Protection of the right to work

2. The right of everyone to gain his living by work which he freely chooses or accepts is guaranteed by article 69 of the Icelandic Constitution No. 33/1944.

3. Iceland has ratified both the Convention concerning Forced or Compulsory Labour (No. 29) and the Convention concerning the Abolition of Forced Labour (No. 105) of the International Labour Organisation. It is the opinion of the Government that forced labour as interpreted in those conventions does not exist in Iceland. However, the ILO Committee of Independent Experts has for several years observed that section 81 of the Seamen's Act No. 67 of 1963, was not in conformity with Convention No. 105. The Ministry of Transport prepared a bill to the Althingi which was submitted in March 1990 proposing, inter alia, that the provision of article 81 of the Seamen's Act be dropped from the Act. The bill was passed on 4 May 1990.

(b) Policies and techniques to achieve steady economic, social and cultural development and full and productive employment under conditions safeguarding fundamental political and economic freedoms to the individual

4. Considerable changes took place in the Icelandic economic climate during 1988. The economic expansion of the previous four years had come to an end. It was followed by a recession which began in the fisheries sector and

other export branches and which was in part a reaction to the previous over-expansion. The cyclical reversal led quickly to a sharp change in the economy and pulled it into a fairly deep recession. The contraction in expenditure was well in line with the decline in income although insufficient to correct the fiscal deficit or the current account deficit. Inflation was rekindled, in part by devaluations along with the remnants of the wave of wage increases from the expansion period. The demand for credit remained heavy and well in excess of the rise in deposits, and was largely for debt restructuring of enterprises rather than for new investments. This led to substantial foreign borrowing so that the foreign debt and servicing thereof resumed their increase.

5. The price of meal and fish oil rose by 85 per cent in 1988 in ISK terms at the same time as prices for frozen products rose by 13 per cent and for salted fish by 9 per cent. It should be mentioned in this connection that the prices of marine products declined by 6 to 7 per cent in foreign currency terms during 1988 so that the terms of the economy deteriorated accordingly at the same time. Prices for frozen seafood on the United States market fell, and the depreciation of the United States dollar during 1988 caused considerable operational difficulties for fishing and fish-processing companies which in turn influenced the performance of companies in other sectors.

6. On top of these adverse changes in external conditions, rising real interest rates further aggravated the profit position of industry. The National Economic Institute (NEI) assessed that net profits (i.e. after allowance for capital cost) amounted to 0.2 per cent of total turnover in 1987, but industry was in the red by the equivalent of 2 per cent of the turnover. Average real interest rates paid by industry rose by over 2 percentage points, from 5.6 per cent to 7.7 per cent. Provisional figures for 1989 indicate definite improvement in profit position and the NEI's assessment is that net profits were close to zero. This was brought about by falling real wages and real interest rates in 1989. These operational difficulties faced by companies led to an increase in company insolvencies. The number of insolvencies in Reykjavík rose substantially compared with the previous year. As can be seen from Table 1, the number of insolvencies in 1983 stood at 246, while in 1989 it reached 2,305.

7. The Government became deeply concerned, and it took various countering measures. It may be assumed that extensive debt rescheduling through the Employment Guarantee Fund together with devaluation far exceeding domestic cost increases and pricing subsidies on seafood products prevented insolvencies among exporting industries.

Table 1. Number of insolvencies in Reykjavík

Year	Number
1983	246
1984	527
1985	762
1986	945
1987	1 163
1988	1 327
1989	2 305

Source: Iceland Chamber of Commerce.

Table 2. The size distribution of establishments, measured by number of man-years (1987)

Total number of establishments	Number of man-years								
	0-1	1-2	2-5	5-10	10-20	20-30	30-40	40-60	and over
31 530	12 463	9 927	5 610	1 628	976	340	172	146	268

Source: National Economic Institute.

8. Legal provisions regarding the Employment Guarantee Fund are set forth in the Act on Economic Matters, No. 9/1989. Article 3 defines the role of the Fund as making loans for restructuring, streamlining and raising productivity of exporting companies. In addition, the Fund is to take the initiative in the conversion of the short-term debts of companies in the exporting industries to long-term fixed loans.

(c) Measures to ensure the best possible organization of the employment market, with particular reference to manpower planning procedures, the collection and analysis of employment statistics and the organization of an employment service

9. The Directorate of Labour of the Ministry of Social Affairs publishes a monthly newsletter entitled Yfirlit um atvinnuástandið (Employment - A Survey), in which unemployment statistics are published for the largest municipal areas in Iceland. The unemployment figures are broken down according to the sex of those concerned. Finally, unemployment figures are presented by region and for the country as a whole.

10. Unemployment figures are also published regularly in Hagtíðindi (Economic News), published by the Statistical Bureau of Iceland. The Bureau's figures are based on data supplied by the Ministry of Social Affairs. It

should be mentioned that the Statistical Bureau of Iceland has been in charge of providing the ILO with the Icelandic figures which are published in the Yearbook of Labour Statistics.

Free employment services

(a) Organization of public employment services in Iceland

11. The organization of public employment services in Iceland is described in sections I and II of the Act Respecting Public Employment Exchange, No. 18/1985. In article 2 it is stipulated that the Directorate of Labour at the Ministry of Social Affairs shall be responsible for the superior administration of public employment exchanges and organizing and coordinating the work thereof. In accordance with article 3, the Minister of Social Affairs appoints an Advisory Committee for the Directorate of Labour for a four-year term. The Icelandic Federation of Labour, the Confederation of Icelandic Employers, the Association of Cooperative Employers in Iceland, the National Association of Local Communities, the Unemployment Insurance Fund and the Federation of State and Municipal Employees nominate one representative each to the Committee; the Throskahjalp Federation, which supports mentally retarded and disabled children, and the Icelandic Federation of the Handicapped jointly nominate one representative. The Minister of Social Affairs appoints the Chairman. The first Committee was appointed on 26 August 1985. It assists the Directorate of Labour in policy-making as well as in the implementation of the law.

12. According to article 6 each municipality having 500 inhabitants or more shall be duty bound to operate a public employment exchange, but all municipalities shall undertake unemployment registration. In townships having 10,000 inhabitants or more there shall be special public employment exchange offices operated by the municipality concerned, but other villages having a population of 1,000 or more may charge special departments or an employee of the municipality with undertaking public employment exchange. Municipalities having less than 1,000 inhabitants may charge their municipal secretary or the Mayor with undertaking public employment exchange and unemployment registration.

13. County Councils bound to operate a public employment exchange shall elect at least three representatives to an Administrative Committee of the public employment exchange in the municipality. In addition, associations of employers and workers in the municipality nominate one representative each to the Committee.

(b) Operation of public employment services in Iceland

14. The Minister of Social Affairs is preparing the computerization of the operation of the public employment services. By computerizing the work of the employment services it is hoped that the Ministry can collect, aggregate and produce statistical information about agencies, placings and other information for national purposes and to enable management to monitor the performance

of the field operation. The Government will be able to provide detailed information on persons placed by the employment services and on persons seeking employment when the system has been implemented on a national scale. Smaller offices will not have a terminal but will be linked to "parent" offices through which the statistical information will be fed into a central computer.

Vocational guidance, training and rehabilitation

15. Over the last few years provisions have been made in wages and terms agreements regarding participation of workers in vocational training courses. Some examples of these are mentioned below.

16. By agreement of the social partners and the declaration by the Prime Minister of 15 June 1985, the ground was prepared for a major effort in the training of fish-processing workers. On 26 February 1986, representatives of the Icelandic General and Transport Workers' Federation on the one hand and the Confederation of Icelandic Employers and the Association of Cooperative Employers in Iceland on the other signed an agreement concerning specialized fish-processing workers based on the above-mentioned declaration by the Prime Minister. In accordance with the declaration and the agreement, the social partners concerned and the Ministry of Fisheries worked on the preparation and the presentation of courses for fish-processing workers. The Ministry of Fisheries bore the cost of compiling the teaching material and other costs of the courses. The Unemployment Insurance Fund refunded to employers their expenses in the form of wages paid during the time that the workers attended the courses. The basic course for workers in fish-processing consists of a 40-hour programme with 10 different subjects. During 1986 and 1987, nearly 3,000 people completed all 10 courses.

17. In connection with the drawing-up of the wages and terms agreements of 6 December 1986, a special agreement was signed between the National Union of Factory Workers and the Confederation of Icelandic Employers, the Federation of Icelandic Manufacturers and the Association of Cooperative Employers in Iceland concerning a major effort in the training of workers in the clothing and weaving industry. In accordance with the agreement, three forms of training were arranged for workers in the sector: firstly, a 40-hour vocational training course, which was offered to all workers in the sector; secondly, special training for staff trainers, who were to see to the training of currently employed workers and newly recruited staff in the companies; and thirdly, a five-week course for newly recruited staff in the sector.

18. In accordance with the agreement, workers attended these courses in their own time, but received wages during training sessions which took place in the companies. Those workers who completed the course received a wage increase of ISK 1,574 per month. The courses were partly financed by the employers, the Ministry of Social Affairs and others.

19. In the wages and terms agreement between the unskilled workers' union Sókn and the City of Reykjavik of 1976, provision was included regarding opportunities for workers in care institutions to attend vocational education courses. These courses are held by the Reykjavik Municipal Evening School. The cost of the courses is borne by the employers. Parts of the courses are held outside regular working hours.

20. It should be mentioned that since August 1989, a working group has been functioning within the Ministry of Social Affairs, with the task of drafting guideline legislation on the right of people on the labour market to vocational training. A bill on training and retraining was submitted to the Parliament in April 1990.

Arbitrary termination of employment

21. Article 1 of Act No. 19/1979 contains a provision on notice of termination, on the right of workers to a notice of termination from employment and the right to wages in case of being absent from work due to illness or accidents. According to this provision, wage-earners who have been working continuously for employers in the same line of business for one year have the right to a month's notice of termination from employment, provided that the notice of termination from employment from former employers has been given in a legal manner.

22. Workers who have been employed by the same employer for three consecutive years are entitled to a two-month notice of termination. After five consecutive years of working for the same employer, workers are entitled to a three-month notice of termination.

23. Workers are considered to have been employed in the same line of business, or to have been engaged by the same employer, for one year if they have worked for at least a total of 1,550 hours in the previous 12 months, including at least 130 hours during the last month before being dismissed. In this respect, leaves of absence due to illness, accidents, vacations, strikes or lockouts are considered equivalent to hours of work, up to eight hours for each day of absence.

24. A worker who is entitled to a notice of termination in accordance with this provision in Act No. 19/1979 is obliged to give his employer the same notice if he wishes to terminate his employment. Such notices shall be in written form and take effect on the first day of the next month.

25. According to article 10 of Act No. 19/1979, provisions of an agreement between an employer and an employee which contravene the law are invalid if they infringe upon the rights of the employee. Also, rights granted by special laws, agreements or as a result of custom in individual lines of work shall be honoured if they are more advantageous to the wage-earner than the provisions of the above-mentioned laws.

26. Section XII of the agreement between employers and the Icelandic General and Transport Workers' Union (1988) covers notices of termination. Article 12 stipulates that when a worker has worked for the same employer for two months the mutual notice of termination is one week from the beginning of the following week until the worker in question has obtained the right to a one-month notice of termination in accordance with the provisions of Act No. 19/1979. Wage-earners receiving monthly wages are always entitled to one month's notice from the beginning of the first day of the next month if there are no other provisions to that effect in relevant agreements.

27. Section XI of the agreement between employers and the Federation of Icelandic Factory Workers (1988) stipulates that there is a mutual notice of termination of one week in the first year of employment for wage-earners receiving weekly wages; there is a two-week mutual notice of termination for workers receiving monthly wages. A worker who has been employed by the same employer for three consecutive months or more shall be considered to be employed under contract, the mutual notice of termination then being one month.

28. The agreement between employers and the Federation of Store and Office Workers (1988) stipulates that the mutual notice of termination shall be one week during the first three months of employment, considered to be a trial period, but after that the notice of termination shall be one month for the next three months. After six months' employment, the notice of termination shall be three months. When the trial period is completed, the notice of termination shall be in written form and take effect on the first day of the next month.

29. In this connection, reference is made to provisions of Act No. 55/1980. According to article 1 of that Act, it is unlawful to hire a worker for less remuneration or on worse conditions than he would have been entitled to according to collective agreement.

30. For further information, reference is made to the Act respecting Labourers' Right to Advance Notice of Termination of Employment which is appended to this report.

Protection against unemployment

31. According to article 1 of Act No. 64/1981 on Unemployment Benefits, a trade union member may be entitled to unemployment benefits. In article 16 of the Act further conditions which must be fulfilled are stipulated. The person concerned must be 16 years old and have served for a minimum of 425 daytime hours with an Icelandic employer during the previous 12 months.

32. Daily allowances are calculated on the basis of daily working hours performed. In order to reach the maximum benefits the working hours must come to 1,700 hours of daytime work during the 12 months prior to the registration of unemployment. In other respects daily allowances are calculated in proportion to working hours down to 425 hours.

33. The amount of daily allowances is based on the wages for eight hours of daytime work according to the wages and terms agreement of common labourers, class 8 of the senior service time stage. All wage-earners receive the same daily allowances. Maximum daily allowances in June 1990 amounted to ISK 1,941.28 for those having performed 1,700 hours of work, reduced proportionately down to ISK 485.32 for 425 hours. Thereto will be added for each child under the age of 18 ISK 77.65 per day. Daily allowances will be paid for five days a week and the maximum benefit period is 180 days (36 weeks) for a period of 12 months.

34. Unemployment insurance is financed by employers (25 per cent) and the Treasury (75 per cent). As it pertains to employees of the State and municipalities the State and the municipalities pay daily allowances directly to the unemployed person, but not through the intermediary of the Unemployment Insurance Fund.

35. During the years 1988 and 1989 there was an increase in unemployment in Iceland. In response to this, a new paragraph was added by the Act on Measures in Connection with Wages and Terms Agreements, No. 51/1989, to article 22 of the Act on Unemployment Benefits, No. 64/1981. Under the terms of this new paragraph, the management of the Unemployment Insurance Fund is authorized to respond to long-term and substantial unemployment, on a widespread or a local scale, by increasing the benefit period from 180 days to 260 days before which a recipient of unemployment benefits does not qualify for unemployment benefit for the following 16 weeks.

36. By the same Act, No. 51/1989, a new article, No. 40, was added to Act No. 64/1981. This new article states that the Unemployment Insurance Fund shall guarantee employees of companies which become bankrupt the right to unemployment benefits during the time that they are unemployed while they are waiting for a final settlement of their pay claims according to Act No. 23/1985 on State Responsibility in Respect of Wages.

37. In the spring of 1989, the outlook for summer employment for school pupils aged 15 and older was very poor. The Government of Iceland decided on special measures to improve their prospects for employment. A working group with representatives from three government ministries was appointed to handle the matter and was authorized to support projects which would result in the employment of pupils. Altogether, 49 projects organized by municipal authorities and social organizations received support. Most of them were aimed at the beautification of the environment, the planting of flowers and shrubs and improving facilities in public parks. It is estimated that these measures led to about 460 pupils receiving employment.

38. The Ministry of Social Affairs has been conducting a survey of the employment situation in cooperation with the National Economic Institute. The findings of the survey are listed in table 4.

Table 3. Statistical information on the level of unemployment

Total number of unemployed - breakdown of figures by months														
Year \ Month	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Avg.	Avg. in %
1982	3 369	944	618	382	344	459	330	310	253	258	560	1 412	769.92	0.7
1983	2 346	1 676	1 406	990	843	919	685	680	530	676	1 255	2 212	1 184.8	1.0
1984	3 884	2 606	1 777	1 155	1 091	857	775	820	536	1 117	1 290	1 856	1 480.3	1.3
1985	2 630	1 378	2 104	843	756	659	620	580	427	474	959	1 857	1 107.3	0.9
1986	2 371	1 099	823	866	786	683	655	465	308	357	479	982	822.8	0.7
1987	2 350	616	570	557	406	414	421	399	203	214	268	652	589.2	0.5
1988	1 032	793	798	640	544	569	520	470	514	706	1 156	2 092	819.5	0.7
1989	2 967	2 628	2 489	1 810	1 799	1 922	1 810	1 881	1 516	1 850	2 200	2 643	2 126.3	1.7

Source: Ministry of Social Affairs.

Table 4. Indicators of labour vacancies 1985-1989

	All industries		Fish processing	
	Number of vacancies	Per cent of total labour force	Number of vacancies	Per cent of total labour force
I. Whole country				
March 1985	3 200	3.6	2 100	23.3
Sept. 1985	1 600	1.7	1 300	14.2
Apr. 1986	1 900	2.1	600	6.6
Oct. 1986	2 700	2.9	650	7.1
Apr. 1987	3 200	3.5	650	7.2
Oct. 1987	3 250	3.5	800	8.7
Apr. 1988	2 900	3.2	750	7.9
Sept. 1988	490	0.5	350	4.5
Jan. 1989*	- 370	- 0.5	115	1.5
Apr. 1989	- 175	- 0.2	175	2.1
Sept. 1989	- 365	- 0.5	285	4.2
II. Capital region				
March 1985	1 400	2.8	300	
Sept. 1985	350	0.7	200	
Apr. 1986	600	1.2	50	
Oct. 1986	700	1.4	0	
Apr. 1987	1 500	3.0	0	
Oct. 1987	1 800	3.5	0	
Apr. 1988	1 400	2.7	0	
Sept. 1988	50	0.1	0	
Jan. 1989*	- 660	- 1.4	0	
Apr. 1989	- 310	- 0.7	0	
Sept. 1989	- 380	- 0.7	0	

Source: National Economic Institute.

* It was the first time indicators of labour vacancies were investigated in January.

Article 7: Right to just and favourable conditions of work

Principal laws

39. According to Act No. 55/1980 on terms of wages etc., it is unlawful to hire a worker for less remuneration than he would have been entitled to according to collective agreement. Union membership is customary among Icelandic workers. Table 5 shows the membership of trade unions in 1989. It should be kept in mind however that it is common practice to count people as members of a union even though they have retired. Thus, taxable members of

unions within the Icelandic Federation of Labour now number about 55,000, senior members not being taxable. In 1988, about 140,500 people received wages, according to tax returns.

Table 5. Estimated union membership in Iceland 1988-1989

Union	No. of members	% of total
Icelandic Federation of Labour	62 390	60.70
Merchant Navy and Fishing Vessels Officers Guild	4 300	4.2 a/
Union of Icelandic Graphical Workers	900	0.90
Icelandic Foremen's Union	700	0.70
Apprentices' Union of Iceland c/	1 800	1.70
Federation of State and Municipal Employees	17 055	16.60
Confederation of University Graduates	7 823	7.6 b/
Teachers' Association of Iceland	3 553	3.50
Union of Icelandic Bank Employees	3 590	3.50
National Union of Icelandic Journalists	400	0.40
Icelandic Airline Pilots' Association	200	0.20
Total	102 733	100
Excluded:		
Determined by state salaries	400	
Arbitration court and ministers	4 009	

Source: National Economic Institute (February 1990).

a/ Including fishermen.

b/ This Confederation is a professional organization but the Alliance of Graduate Civil Servants, which is a division of the Confederation, is a union. The membership of the Alliance is estimated, but state employed members number 3,250. The Alliance includes municipally employed graduates, employed in semi-public entities and some private businesses.

c/ The Icelandic Federation of Labour negotiates wages and terms on behalf of this union.

Remuneration

(a) Review of earnings and wage statistics

40. Statistics on wages and earnings of workers belonging to unions affiliated to the Icelandic Federation of Labour are compiled and published by the Icelandic Institute of Labour Market Research (kjararannsóknanefnd). Representatives of the Icelandic Federation of Labour and the Confederation of Icelandic Employers are members of this committee. The statistics are based on a sample survey of firms. The size of the final sample varies, but on

average earnings of some 12,000 workers are covered. By way of comparison, it should be mentioned that in late 1988 there were 62,390 members in unions affiliated with the Icelandic Federation of Labour (IFL). The sample does not cover members in the Merchant Navy and Fishing Vessels Officers Guild or other seamen. There are approximately 3,500 fishermen members of the Icelandic Federation of Labour and about 4,300 in the Merchant Navy and Fishing Vessels Officers Guild. Hence the population from which the sample is drawn is around 58,400. Consequently, the sample covers some 20 per cent of the members of the IFL. The published findings of the Institute of Labour Market Research focus on the classification of occupations rather than on classification by industry; however, the Institute is able to reclassify its findings by broad economic activity.

41. The National Economic Institute compiles income statistics from various tax-based registers, including statistics on earned income. The Institute has published income statistics by sectors covering the period 1980-1986. The Statistical Bureau of Iceland publishes a wage index which is based on various information, including its own survey. The purpose of this index is, however, solely that of estimating changes rather than observing levels.

42. Statistics of earnings within the public sector are compiled and published by a recently established committee of representatives of unions and employees. The data is based on payroll statistics from the State and the larger municipalities, and is therefore not based on a survey. Finally, the Social Institute of the University of Iceland publishes findings on wages and salaries based on sample surveys among households.

(b) Average earnings and wages

43. The following table shows average monthly daytime earnings of workers within the Icelandic Federation of Labour and of public employees in 1987 and 1988 in Icelandic krónur (ISK). The statistics for the Icelandic Federation of Labour are based on daytime earnings including bonus payments but excluding Christmas and holiday bonuses.

Table 6. Average monthly daytime earnings

	1987	1988	% changes
Icelandic Federation of Labour	47 430	60 021	26.5
Public employees:	48 979	59 749	22.0
Federation of State and Municipal Employees	43 507	53 032	21.9
University graduates	59 109	71 989	21.8
Teachers' Union	51 508	63 089	22.5
Union of Bank Employees	53 397	66 601	24.7

Source: National Economic Institute.

(c) Indication of earnings by sector

44. As mentioned above, the findings of the Icelandic Institute of Labour Market Research are published by occupation rather than by sector. Furthermore, it should be mentioned that the sample is drawn with the aim of giving a statistically fair indication of total earnings rather than sectoral earnings. Because of this, the standard deviation rises significantly when the findings are broken down by sector or even by occupation, as the coverage of the sample varies greatly between sectors and occupations. This should be borne in mind when conclusions are drawn from the following table, which gives an indication of daytime earnings by selected sectors, i.e. where sectors can be identified from occupations.

Table 7. Average hourly daytime earnings in selected sectors as of the first quarters of 1987 and 1988, in ISK

	Male manual workers 1987	Female manual workers 1987	Male manual workers 1988	Female manual workers 1988
Fish processing	231	237	283	289
Fish reduction for meal and oils	202		234	
Construction industry	204		245	
Bakeries	165	164	266	218
Metal industry	233		304	
Carpentry	225		288	
Meat industry	187	179	258	257
Average	220	180	281	266
	Skilled manual workers			
	1987		1988	
Metal industry	287		394	
Carpentry	265		381	
Furniture making	288		348	
Printing	340		403	
Bakeries	238		363	
Meat industry	277		377	
Average*	280		395	

Source: Icelandic Institute of Labour Market Research and National Economic Institute.

* The averages refer to total sample averages.

(d) Distribution of daytime earnings of workers

45. The following table shows the cumulative frequency (in percetage form) of monthly daytime earnings of workers within the Icelandic Federation of Labour in the first quarter of 1988.

Table 8. Cumulative frequency (in percentage form) of monthly daytime earnings of workers within the Icelandic Federation of Labour (first quarter of 1988)

	Category of worker							
Monthly daytime earnings	Male manual workers	Female manual workers	Male skilled workers	Female sales persons	Male sales persons	Female office workers	Male office workers	Total
30 000	1	1			2		1	1
35 000	6	6		5	12	1	3	5
40 000	18	25	1	20	49	2	8	16
45 000	40	49	4	33	77	5	18	33
50 000	62	70	7	44	88	9	33	48
55 000	76	83	16	53	93	17	53	60
60 000	86	95	28	60	93	24	65	70
65 000	91	97	40	69	96	28	75	76
70 000	94	99	55	74	97	35	82	82
75 000	96	99	66	81	98	46	88	86
80 000	97	100	79	83	99	52	91	90
85 000	98	100	84	88	99	57	95	92
90 000	99	100	89	91	100	64	96	94
95 000	99	100	93	92	100	74	98	96
100 000	100	100	96	94	100	77	98	97
105 000	100	100	97	96	100	82	99	98
110 000	100	100	97	97	100	84	99	98
115 000	100	100	97	97	100	86	99	98
Average daytime monthly earnings: (thous. ISK)	48.7	47.1	71.2	56.1	43.5	81.8	57.6	56

Source: The National Economic Institute.

46. The minimum monthly wage rate in the Icelandic Federation of Labour in the first quarter of 1988 was ISK 29,975.

47. In order to draw meaningful conclusions on such matters as the relation of minimum wage to average wages, it is of course necessary to have a clear definition of the wage concept used. Included in the above statistics are

bonus payments and various productivity-related pay schemes. The average-earnings statistics also include negotiated seniority payments. In recent pay settlements, various changes have been made to the system of pay advances due to seniority. Because of these changes in the contracts the gap between minimum and average wages may have widened. Average wages are a function of wage rates and the composition of the labour market, such as the number of new entrants, composition by sex, skills, etc. Of interest is also the effect of changes in tax laws on relative wages, but in November 1989 income of up to ISK 51,455 was tax exempt while the minimum wage was ISK 37,953.

Equal pay for work of equal value

48. According to article 4 of the Act on the equal status and equal rights of women and men, No. 65/1985, women and men shall receive equal remuneration and shall enjoy equal employment benefits for equally valuable and comparable work. Therefore, full equality between women and men concerning wages should exist. Despite this fact various surveys indicate the existence of considerable differences in the income of women and men. In this context it must be emphasized that there exists no wage discrimination in the collective pay agreements made between the workers' and employers' organizations with respect to wages between the sexes. It seems that the problem of unequal pay lies in other fields.

49. The National Economic Institute concluded its investigation on the wages of men and women, mentioned in Iceland's earlier reports, by publishing a book in January 1989 entitled Tekjur karla og kvenna (The Earnings of Men and Women). The book is divided into five main chapters. First, it discusses the labour participation rates of men and women. Then it goes on to examine whether there is any occupational segregation of the sexes within the Icelandic labour market. Next the report focuses on income differences between male and female workers. This is followed by a brief account of fringe benefits. Finally, the report, using the very limited data currently available, compares the length of the work week for men and women in a few occupations. Figures and tables referred to are to be found in the report of the National Economic Institute which is appended to this report (No. 9).

50. The labour force participation rate of women has increased steadily from 1980 to 1986 (see fig. 1 in the report). It is interesting to note that this increase is largely due to the rising share of married women in the labour market. While the participation rate of single women has remained largely unchanged over this period, between 78 per cent and 79 per cent, the participation rate of married women has gone from 77.7 per cent in 1980 to 84 per cent in 1986. Thus in 1986, the labour force participation rate of married women between the ages of 35 and 44, when participation rates peak for both sexes, was only about 10 per cent lower than that of married men of the same age. However, this comparison is somewhat tempered by the fact that 60 per cent of all female employees work part time, while only 30 per cent of the male workers are part-time workers. If one looks at the labour force participation rate of women by age, one can see that it is no longer undergoing a significant decline while the participation rate of Icelandic women is somewhat higher than those of women in many of our neighbouring countries. (See chart, p. 4 in the NEI report.)

51. When the distribution of the sexes between occupations is studied, it becomes evident that most occupations can be characterized as a "male" or "female" occupation. For example, women form a significant majority in many of the services, while management positions of various sorts are mostly filled by men (figs. 7, 8 and 9). In recent years there has been little change in the occupational distribution of men and women (tables 19-22). The differing occupational patterns of men and women should be borne in mind when income differences between men and women are considered. Perhaps wages in "female" occupations are assessed differently than are the so-called "male" occupations.

52. In 1986 38 per cent of all fully employed workers were women. However, their share of earned income was only 28 per cent of the income of all full-time workers (fig. 11). The gap between male and female earnings has decreased only slightly in recent years. The average nominal earnings of women are roughly 60 per cent of men's average nominal earnings. This difference is most dramatic when income peaks for both sexes between the ages of 35 and 50. The average income of female workers is then as low as 45 per cent of the average male income.

53. Looking at specific occupations or industrial sectors (figs. 14, 15 and 16) it becomes evident that the income gap is smallest among teachers and unskilled labour.

54. Average earned income is generally lowest in what may be considered as "female" occupations. The very lowest-paid workers are janitors, cafeteria employees and child- and health-care workers. Ninety per cent of these jobs are filled by women. Alternatively, the highest average income is found among fishermen, doctors, dentists, foremen, specialists and management. All these fields of employment are predominantly male.

55. There also exists an apparent inequality in the distribution of various untaxed benefits. For example, in 1986 approximately 22 per cent of all male employees received automobile grants whereas only 7 per cent of all female employees were recipients of such grants. Further, these grants were on average 9 per cent of men's average earnings but only 7 per cent of women's.

56. As stated earlier, the information currently available on the average length of the working week is rather limited. The findings of the Icelandic Institute of Labour Market Research show that for skilled and unskilled labour, commercial and clerical workers, it is only among unskilled labour that a shorter working week might help explain the lower income of women (fig. 17).

57. Other possible causes for income disparities between men and women might be the greater education, job training or longer working experience of men. However, the education and job training argument does not pertain to unskilled labour and greater work experience is not a factor in younger age groups as there are no longer huge outflows from the labour market of women of child-bearing age.

58. The remaining explanations for the income gap may then be found in the differing assessment of particular jobs, traditionally associated with either men or women, or perhaps it is due to outright discrimination. As was pointed

out earlier, specific occupations are dominated by a single gender and the female-dominated professions are generally lower paid that those dominated by men. The most frequent explanation for this difference is that traditional male occupations require more responsibility than most other occupations. In the book it is underlined that the study was unable to determine whether this line of reasoning offers a satisfactory explanation for the income gap or whether the latter has its roots in discrimination.

59. The Government has adopted various measures to ensure more equal numbers of men and women in positions of responsibility in ministries and official establishments and on boards, committees and councils depending on the State and local authorities. Ensuring an effective implementation of the provisions of section 5 of the Equal Status and Equal Rights of Women and Men Act No. 65/1985, concerning more equal payments, are among the targets set. An example of such a measure is a proposal by the Minister of Social Affairs which was adopted by the Government at a cabinet meeting held on 26 May 1988 according to which each ministry and government institution would prepare a four-year action programme for equality between the sexes for the period 1 January 1989-31 December 1992. This should include:

(a) A statement of the present situation within the respective ministry/institution;

(b) A strategy for ministries, State enterprises and institutions in affairs concerning the equality between the sexes to be effected within a fixed period of time, for instance as concerns appointments to positions, salaries, advertisements for vacant jobs, training courses and nominations to committees, boards and councils.

60. The Ministry of Social Affairs presented this issue at a meeting with the heads of ministries and government institutions. In addition, a presentation meeting was held with the municipal authorities. The Ministry of Social Affairs has suggested to the ministries that they prepare action programmes for equality between the sexes for the next four years under the auspices of ministries, institutions and State enterprises.

61. The action programmes came into force on 1 January 1989.

62. The Ministry of Social Affairs has prepared its own action programme for equality between the sexes for the above-mentioned period. Its objectives are:

(a) To even out the ratio of men and women in different jobs within the Ministry. That ratio is fairly even as far as management positions in the Ministry of Social Affairs are concerned, while ordinary office work is performed solely by women. The Ministry intends to take the initiative in conducting a reappraisal of these jobs;

(b) To increase women's representation on ministry committees. The Ministry aims at a minimum of 40 per cent representation of either sex on all its committees;

(c) To even out the ratio of men and women in the Ministry's institutions. On appointing the directors of these institutions the goal should be to have more women entering management positions.

63. The Ministry of Social Affairs together with the Equal Status Council have jointly published a booklet entitled Hvernig naest jafnrétti í atvinnulifinu (How Equality Can be Obtained in the Workplace). The booklet is intended as a guideline for those employers or heads of ministry or government agencies who want to strive for a more equal workplace by preparing a four-year action programme for equality between the sexes. The booklet is appended to this report as appendix No. 10.

64. It is also worth mentioning that the Nordic Council of Ministers (Ministers for Equality Affairs) adopted in February 1989 an action plan for Nordic cooperation on equality between women and men 1989-1993. The plan focuses on five main areas: working conditions, social welfare and family policy, education, housing and social planning, and women's participation in politics. The Nordic Ministers for Equality Affairs have selected two themes on which the focus is to be placed in cooperative measures during the next five years. The two selected themes are: Women's role in economic development and Women's and men's opportunities of combining family life with a job outside the home. The Action Plan for the Nordic Cooperation on Equality between women and men is appended to this report as appendix No.11.

65. The social partners and the Equal Status Council have taken certain steps to promote equality. In the spring of 1988 the Council and the Confederation of Icelandic Employers published a pamphlet called Women and the Labour Market. The pamphlet was addressed to employers and emphasized the value of women for the workplace. It was sent together with a letter to all members of the Confederation of Icelandic Employers.

66. Another pamphlet, entitled Equality, was published during the summer of 1988 by the Icelandic Federation of Labour. This pamphlet included various statistics on wages and the labour participation of women and men.

67. The following information is from the Equal Status Council.

68. Special measures are being prepared in the Ministry of Education concerning educational and vocational instruction and counselling. It is likely that these will be directed towards reducing segregation of the sexes on the labour market, amongst other matters. Such measures are likely to lead to a reduction in wage differentials between women and men.

69. In the last round of wages and terms agreements, which were concluded in May 1989 (with the Federation of State and Municipal Employees), an effort was made to raise the lowest wages, which were increased by considerably more than other wages. In the view of the Equal Status Council, this increase was of particular advantage to women.

70. The Equal Status Council has made a request to the Ministry of Social Affairs that the provision of the Equal Status and Equal Rights of Women and Men Act, No. 65/1985, providing that equal remuneration should be paid for work of equal value, should be clarified further by means of the issue of a regulation. This is being considered by the Ministry.

71. It should be mentioned that Iceland is taking part in a project concerning wage differentials between women and men organized by the Nordic Council of Ministers. It is envisaged that this project will take four years to complete.

72. Finally, it should be mentioned that Iceland has ratified both ILO Convention No. 100 and No. 111.

Safe and healthy working conditions

(a) Principal laws

73. The principal law on safe and healthy working conditions is law No. 46/1980 on occupational health and safety.

74. In the course of the years 1986 and 1987 the following regulations on industrial safety were issued by the Ministry of Social Affairs:

Regulation No. 77/1986 on Preventive and Protective Measures Against Exposure to Noise in the Working Environment;

Regulation No. 491/1987 on Air Pollution as a result of Metal Welding;

Regulation No. 492/1987 on Guarding of Machinery;

Regulation No. 493/1987 on the Working Environment.

75. In the course of the years 1988 and 1989 the following regulations on industrial safety were issued by the Ministry of Social Affairs:

Regulation No. 53/1988 on Car Lifts;

Regulation No. 68/1988 on Amendments to Regulation No. 203/1972 on the Service and Working of Elevators;

Regulation No. 90/1989 on Lawn-mowers and Single-axle Gardening Machines;

Regulation No. 330/1989 on Chromium in Cement;

Regulation No. 331/1989 on Steel Tubes Scaffolding;

Regulation No. 332/1989 on Suspended Scaffolds;

Regulation No. 388/1989 on the Registration and Inspection of Heavy Equipment and Mobile Machinery;

Regulation No. 401/1989 on Threshold Limit Values and Reduced Pollution in the Workplace;

Regulation No. 612/1989 on Reporting of Industrial Accidents.

76. The principal laws and regulations on safe and healthy working conditions of seafarers are the following:

The Seamen's Registration Act, No. 43/1987;

The Maritime Act, No. 34/1985;

The Seamen's Act, No. 35/1985;

The Vessel Captains' Right to Employment Act, No. 112/1984;

The State Control of Ship Act, No. 51/1987;

The Act, No. 47/1987;

The Act on the Right to Employment of Ship's Engineers with Machine Fitters' Qualifications, Ship's Engineers and Machine Tenders, No. 113/1984;

Regulation on Salvage and Safety Equipment on Board Ships, No. 325/1985;

Regulation on Safety at Work on Cargo and Passenger Ships, No. 440/1980;

Regulation on Noise Limits on Icelandic Vessels, No. 179/1985;

Regulation on the Crew's Quarters on Cargo and Passenger Ships, Nos. 55 and 492/1979.

77. Some provisions concerning safety and health of seafarers can be found in The Wages and Terms Agreement between the Federation of Icelandic Fishing Vessel Owners and the officers' associations within the Merchant Navy and Fishing Vessels Officers' Guild.

(b) Principal arrangements

78. The Administration of Occupational Safety and Health operates on the basis of law No. 46/1980 which entered into force on 1 January 1981. According to this law government activities in the field of work protection and welfare are gathered under one administration that took over the role of the Labour Inspectorate and the role of municipal health committees in this field. The Administration of Occupational Safety and Health is under the supervision of the Ministry of Social Affairs. It is governed by a board of nine members, four appointed by labour unions, four appointed by employers' associations and a chairman appointed by the Minister for Social Affairs.

79. According to the law one safety representative is to be elected by the workers and another one appointed by the employer in all companies with 10 or more workers. A safety committee is to be established in all companies with 50 or more employees. The function of safety representatives and committees is prescribed in a regulation of 26 February 1982. Safety committees may be established for individual branches.

80. Exempt from law No. 46/1980 are fishing, shipping and aviation activities which come under the supervision of other agencies. General housework in private homes is also excluded. The Directorate of Shipping is entrusted with the supervision of the safety and health of seafarers.

(c) Statistical information

81. According to the annual report of the Icelandic Administration of Occupational Safety and Health, 4,253 enterprises were inspected in 1988. In 1989, 4,804 enterprises were inspected. In 1988, 439 farms were visited and 534 in 1989. In 1988 there were 4,066 inspections of heavy equipment and mobile machinery compared with 4,175 in 1989. According to the provision contained in article 86 of Act No. 46/1980, it is obligatory to report industrial accidents to the Administration of Occupational Safety and Health. The reporting of accidents in 1988 and 1989 is not yet available in statistical form.

Table 9: Activities of the Icelandic Administration of Occupational Safety and Health

	Year			
	1986	1987	1988	1989
Total number of inspected enterprises	2 830	3 220	4 253	4 804
Regular inspections of enterprises	1 247	1 013	1 545	1 759
Inspections of heavy equipment and mobile machinery	3 084	3 019	4 066	4 175
Enforcement notices for non-compliance	147	242	443	558
Accidents investigated	205	275	239	228

Source: Icelandic Administration of Occupational Safety and Health, Annual Report 1989.

82. Tables 10 and 11 show the number of reported industrial accidents in 1981-1986 and the number of fatalities.

Table 10: Reported industrial accidents by industry, 1981-1986

Industry	Year					
	1981	1982	1983	1984	1985	1986
Fishing	20	30	37	35	58	46
Animal husbandry	14	20	28	11	18	21
Textiles	19	15	17	6	13	17
Printing	2	2	0	7	3	7
Wood preparation	29	21	22	28	16	13
Tannery	1	0	3	0	0	0
Stone, glass and pottery	2	9	3	4	5	4
Metalworking	41	37	64	35	46	41
Chemicals	1	4	7	12	14	17
Construction	41	40	61	48	49	43
Transport and communications	47	58	57	49	35	57
Services	9	9	31	92	78	68
Agriculture	4	5	4	5	5	12
Others	5	4	6	12	16	34
Total	235	254	340	344	356	380

Table 11: Reported fatal industrial accidents

Industry	Year					
	1981	1982	1983	1984	1985	1986
Fishing	1	1		1	1	
Metalworking						1
Construction	3	2		2	1	
Transport and communication	2	1	1	1		1
Agriculture	2	2		1	1	3
Total	8	6	1	5	3	6

Equal opportunity for promotion

(a) Principal laws, administrative regulations, collective agreements and court decisions

85. These are:

(a) The Rights and Obligations of Government Employees Act, No. 38/1954;

(b) The Equal Status and Equal Rights of Women and Men Act, No. 65/1985. Under article 5, paragraph 3, of this Act, it is unlawful for employers to discriminate against their employees on the basis of sex with respect to promotion and changes in employment positions;

(c) ILO Convention Nos. 100 and 111;

(d) The Wages and Terms Agreement from 1 May 1989 between the Icelandic Federation of Labour (on behalf of the following constituent federations and their individual constituent unions; the Icelandic General and Transport Workers' Federation, the National Federation of Industrial Workers, the Icelandic Shop and Office Workers' Federation, the Icelandic Metalworkers' and Shipwrights' Union, the Furniture Industry Workers' Union and the Apprentices' Union of Iceland, and on behalf of unions with direct membership of the Federation) on the one hand, and the Confederation of Icelandic Employers (on behalf of its constituent federations and individual members and the Association of Cooperative Employers in Iceland) on the other, and the City of Reykjavik. In annex II, the parties agreed that moves should be made towards women occupying a greater proportion of administrative positions in companies. Concurrently, moves are being made towards women taking on more responsible and more highly paid positions. The parties agreed to appoint a discussion group to examine what changes have taken place in the wage differential between men and women and what accounts for the differential and to investigate methods of reducing it. This clause is the first of its kind in a wages and terms agreement in Iceland and shows a growing awareness on behalf of the social partners for issues linked to equality in working life (for further information see appendix No. 1).

(b) Principal arrangements and procedures to implement this right in the public and private sectors

84. Icelandic women enjoy legal equality with men. The efforts of the Icelandic Government in recent years have, therefore, been directed towards establishing equality between the sexes in practice also. The chief emphasis has been on efforts to counteract the traditional attitudes towards women and towards the roles of the sexes. In 1976 a special government institution was established with the function of forming policy on issues concerning efforts towards equality between women and men. In addition, the institution, the Equal Status Council, receives complaints concerning alleged violations of the law, conducts research and is responsible for information in this field, etc. The Council includes seven members. Its Chairman is appointed by the Supreme Court and the Vice-Chairman by the Minister for Equality between the Sexes. The organizations of labour and employers nominate three members and the women's organizations two. The Council has an office in Reykjavik with three employees.

85. The basic presumption underlying the efforts towards establishing equality and the equal status of women and men is that every individual, woman and man, should be financially independent. Through legislation financial independence is guaranteed to married couples, and on the death of a marriage partner or in case of divorce the rights of the other partner are safeguarded. Organized labour and employers' associations sign agreements concerning a specific minimum wage which is independent of sex but restricted to an occupation. The rights to education and employment are independent of sex.

86. Women's employment participation has increased substantially in recent years. Women's education has similarly been on the increase as has the participation of women in politics, and there is a growing number of women in better paid positions and in jobs where they have a possibility of exerting some influence in their community. The strategies that have been employed have involved encouragement and discussion on the status of women, including discussion on the importance for women of acquiring vocational education and establishing themselves in the labour market. There has, however, been too little discussion on the social conditions of women and the social changes requisite for enabling women to take part in politics, in the labour movement and in the labour market on an equal footing with men. Thus there are too few day-care centres and the school system has by no means been adjusted to women's increased labour force participation.

87. In spite of the fact that the status of women has improved in recent years, development has been too slow. Furthermore, women's choice of education and consequently their career choice are too limited. There are for instance few women in technical occupations. Icelandic legislation provides for temporary affirmative action in order to improve the position of women. This provision has so far not been applied. There is increasing support for the view that affirmative measures are required in order to improve the position of women. Guided by this view a revision of the Equal Status and Equal Rights of Women and Men Act is now under way.

88. The Government has undertaken efforts towards increasing women's education and enabling them to become established in the labour force. There has been a strong emphasis on women's acquiring a university degree. Students at universities and other advanced education schools are entitled to government loans to support themselves and this has undoubtedly enabled more women than before to pursue studies. Information on the position of women, such as their wages, labour market conditions and the importance of their financial independence has produced the results today that women are now the majority of students graduating from the country's grammar and secondary schools and they now constitute about 48 per cent of the graduates at the University of Iceland. Regrettably, however, women's choice of education is too one-sided. It has been suggested that education and career counselling in the country's education system is too limited in spite of provisions of law thereon. These issues are at present being examined in the Ministry of Education. A working group has been formed under the auspices of the Ministry of Education to prepare proposals on measures in this field.

89. An effort has been made in adult education and in many places throughout the country there are now evening schools offering access courses to university studies and other advanced specialty schools. Those schools, however, do not entitle their students to student loans or grants, and it may be assumed that many women must give up for financial reasons. On the other hand, it goes without saying that adult education programmes have benefited a great number of women and are an important tool in their advancement. Various courses are provided for those who want to improve their skills and opportunities in the labour market. Special courses are given for women, e.g. in management and the establishment and operation of firms.

90. Women's position in the labour market has improved greatly in recent years. Women have established themselves in various sectors of the economy that before were the exclusive territory of men. An example is the great increase of women with university degrees holding specialist positions in government service. In 1985 the proportion of women holding management positions or positions of responsibility within the ministries' central offices was 24 per cent; in 1987 this had increased to 32 per cent. Research conducted into the position and opportunities of women in the labour market has primarily been directed towards the State as an employer. In so doing an attempt has been made to emphasize the State's responsibility in providing both precedent and initiative in this field. So far affirmative action has not been resorted to in order to improve women's opportunities in the labour market for career advancement, vocational education, etc., in spite of the fact that the Equal Status and Equal Rights between Women and Men Act provides for such measures. Proposals have been made by the Equal Status Council on the means by which the provision on special temporary measures may be applied. These proposals are at present being examined by the Ministry of Social Affairs.

91. The Equal Status and Equal Rights of Women and Men Act, No. 65/1985 which is currently in force lays a heavier responsibility on the Government concerning equality between women and men than the previous Act of 1976. In this connection it may be mentioned that article 15, paragraph 2, of the Act stipulates that the Equal Status Council shall prepare a programme of action for four years at a time, to be submitted to the Minister of Social Affairs. The programme shall include provisions on measures to achieve equality between the sexes. The Minister of Social Affairs and the Government play a more important role than before. Article 22 of the Equal Status Act currently in force stipulates furthermore that the Minister of Social Affairs shall submit a four-year plan of action on measures concerning the issues of equality between the sexes to the Government, and that in its preparation the Equal Status Council Programme of Action shall be taken into account. The Plan of Action is to be submitted to the Althingi (the parliament of Iceland).

92. The Plan of Action submitted to the Althingi in the autumn of 1986 was divided into four sections, i.e. employment and wages, education and information, management positions and responsibility, and social issues. The first section of the Plan dealt with issues that had been the source of much debate in society, namely the alleged difference between women's and men's wages. Included in this section were provisions on the acceleration of the National Economic Institute's investigation into the wage differences between women and men, on the initiative of state institutions in adopting flexible working hours, on a new appraisal of jobs and the establishment of training courses for women wishing to start their own businesses.

93. The policy statement and action programme of the Government of Prime Minister Porsteinn Pálsson, which came to power on 8 July 1987, dealt with issues concerning equality between women and men in a number of instances. The policy statement said among other things that women's financial situation and children's conditions would be improved and that women's influence in public life would be increased. Mention was made of a special effort to establish equality of wages between the sexes. The reappraisal of jobs by

women in public service was also discussed, as was the wage policy of the State as party to wage agreements which was to be centred on improving the financial status of earners with the lowest incomes. The possibility of allowing parents to take an unpaid leave of absence to care for their children under special circumstances was also to be examined. The policy statement also lay special emphasis on working in accordance with the Government's four-year Plan of Action on measures to achieve equality between the sexes.

94. A new Government, under the leadership of Prime Minister Steingrímur Hermannsson, was formed at the end of September 1988. Its policy statement contained a special chapter on questions of equality between the sexes and the family. It announced the Government's will to take the initiative in efforts to ensure the equality between women and men more securely, particularly as regards wages. For this purpose the legislation on equality between the sexes would be revised and a new four-year plan of action prepared in order to achieve equality between the sexes. Several tasks were mentioned, such as a special effort to supply day-care services in close cooperation with the local authorities and the State, with increased funds being provided for this purpose. Action programmes for equality between women and men would furthermore be prepared by the ministries and state institutions.

95. As indicated in the above review the responsibility of the Ministry of Social Affairs and other government bodies for the implementation of equality between the sexes has become considerably greater since the Equal Status Act of 1985.

96. The Ministry of Social Affairs has in the last few years put the greatest emphasis on achieving the goals of the Government's Plan of Action, its policy statement and the action programmes of the present and former Governments. The tasks that have been on the Ministry's agenda are:

(a) An investigation into the wage differences between the sexes;

(b) Programmes of action for equality between women and men;

(c) An examination of the wages and terms of employment of public servants;

(d) Affirmative action;

(e) The Bryt project (see para. 101 below);

(f) International cooperation.

97. One of the first tasks of the Minister of Social Affairs after the formation of the Government in the summer of 1987 was encouraging ministries, state institutions and enterprises to make an effort in issues concerning equality between the sexes. The following objectives were suggested:

(a) To work with determination towards making the ratio of the sexes as equal as possible on boards, committees and councils under the auspices of these bodies;

(b) The Ministries should make an endeavour to offer women in government service increased opportunities to hold management positions;

(c) Ministries and government institutions should take the initiative in establishing flexible working hours in order to contribute towards a more equal participation of women and men in household work and the economy;

(d) The Government's wage policy should contribute towards equality in employment terms and conditions and in the payment of perquisites within government service.

It was also stated that these issues would later be followed up, something which has now been effected.

98. Employment. In 1985 just over 80 per cent of women aged 15 to 65 were active in the labour market, i.e. worked one fourth of a full-time job or more. Unemployment in Iceland in 1989 was 1.7 per cent. Women have been encouraged to seek gainful employment, both because there has been a shortage of people and because it has been part of the endeavour to establish equality between women and men in practice. Women have also been encouraged to acquire more education and to seek jobs that are better paid.

99. Statistical information on the status of the sexes, such as education, employment participation, etc. is prepared by various government institutions, e.g. the Institute of Regional Development and the Statistical Bureau of Iceland. The Equal Status Council also investigates the position of women in various spheres of society. This information is subsequently presented to the appropriate parties and used in the assessment of the situation and formulation of further strategies.

100. Recently there has been some discussion in the Icelandic Government on the position of women in rural areas. Women's employment opportunities are considerably fewer and more limited in rural than in urban areas. It has also been claimed that there is hidden unemployment in many rural areas, i.e. women, particularly married women, do not register as unemployed, even though they cannot find employment. These issues are at present under discussion and special consideration in the Icelandic Government and measures are to be expected. The Althingi has been discussing whether to establish special equality advisers in government service who would have the function of working towards the advancement of women within state enterprises and institutions and work on women's employment in general. It has been suggested that such advisers should primarily concentrate on the development of women in the rural areas.

101. The Nordic Ministerial Committee (the Nordic Ministers for Affairs of Equality between the Sexes) is sponsoring a four-year experimental project on women's employment in all five of the Nordic States called BRYT ("Break the barriers"). The project started in 1985 and in Iceland it was carried out in Akureyri, a town of 14,000 inhabitants in the north of the country. The objective of the project was the development and trial of methods for breaking down the gender segregation of the labour market, both as regards economic sectors and occupations as well as influence and the ladder of employment

positions. Its aim is to increase the variety of women's education and occupations. The project was completed in 1990 and it is not yet certain how the Government intends to make use of the experience that has been gained through this experiment. It has been suggested that the recruitment of special equality advisers would ensure a natural continuation of the project. However, no decisions have so far been made.

102. Various training courses for women have been provided in rural areas, such as courses given by the Technological Institute of Iceland on women and the establishment and operation of private businesses. It is, on the other hand, one of the most urgent tasks of the Icelandic Government to form a policy on rural employment, particularly the employment of women.

103. Health. Women and men enjoy equal rights to the health services. The development of systematic maternity and infant care has been effected throughout the country. Children are inoculated against dangerous diseases. There is drug control and monitoring of the likelihood of epidemic diseases.

104. The health professions are a gender-segregated labour market, women being employed in nursing and men as doctors. The number of women doctors, however, has increased considerably in recent years as a result of women's improved education.

105. Education. There is compulsory education for all children in Iceland from the age of 7 until the age of 15. Most children start school at the age of 6 and continue until almost 20, or longer. Girls and boys receive the same form of instruction in mixed classes.

106. In recent years there has been much public discussion on the school system and the position of the sexes. The Government has considered it necessary primarily to increase the education of teachers as regards the position of the sexes in education. Surveys have revealed that even though girls and boys receive the same instruction in all subjects, education has a tendency in various ways to maintain traditional attitudes towards the sexes and their respective roles.

107. The Ministry of Education is at present working on reforms in this field. For example, the Ministry of Education decided in 1989 as an experiment to engage an employee whose task would be to improve the position of the sexes in one of the country's education districts. This employee was expected to make special efforts in educating teachers regarding the position of the sexes with the aim of providing information on the ways teachers can contribute to the advancement of women.

108. Social services. It has already been pointed out that an increase in day-care facilities is an important prerequisite for women being able to enjoy equality in practice in the same measure as men. There are too few day-care places in this country as it is. The appropriations of funds for the development of day-care services depend on political decisions. The necessity of increasing the available day-care facilities is recognized and in various places a determined effort to increase their number is being made.

109. Abused women and children. A shelter for battered women is operated in Reykjavík for women who need a refuge because of violence in their homes. The shelter is operated by an organization of women with grants from the State and the largest local authorities. The financial position of the shelter has, none the less, been poor.

110. There has been much debate recently on the abuse of women and children, including incest. It was generally believed that abuse within families was a rare phenomenon, but open discussions on this delicate matter has shown that incest and sexual abuse of women are not as rare as had been thought. The Althingi has discussed the ways in which such cases can be dispatched with greater haste through the judiciary and in what way children who become victims of violence or incest can be protected. However, no decisions have been reached, nor has any particular overall policy been formed concerning these issues.

111. Every local authority in Iceland has its child welfare committee. These committees supervise the welfare of children within their jurisdiction and they have authority to take measures if they believe that the welfare of a child is being threatened. In the largest communities these committees employ professionals who work systematically on child welfare issues. The Child Welfare Act and all social welfare legislation is at present under revision so that specific proposals concerning these issues are expected.

Rest, leisure, limitation of working hours and holidays with pay

(a) Principal laws, etc.

112. In Iceland, the division between daytime working hours and overtime is determined by wage agreements between the social partners. However, there are provisions for a minimum rest period in section IX of the Act No. 46/1980 on Safety and Hygiene in Places of Work. According to article 55, for each seven-day work period employees shall be allowed one day off which shall be in direct continuation of the daily unbroken rest period. If possible, the weekly day off shall be a Sunday; as far as possible, all employees shall be given a day off on that day.

113. A few examples from wage agreements made in 1988 on payments for extra work might be mentioned. They are typical for the regulations in force concerning payment for work performed outside regular working hours in Iceland.

114. Section II of the wage agreement reached between the Confederation of Employers and the Federation of Store and Office Workers, which came into force on 1 June 1988, stipulates that daily working hours in shops shall be 40 hours per week, from 9 a.m. to 6 p.m. (active working hours 37 hours and 5 minutes), Monday to Friday. It is permitted to start the daily working hours before 9 a.m. Remuneration for all overtime work shall be 1.038 per cent of monthly wages for each working hour. All work during church holidays (and other major holidays) shall be paid for at an hourly rate amounting to 1.375 per cent of monthly wages for daytime work. Work on New Year's Day, Good Friday, Easter Sunday, Whitsun, 17 June, Christmas Day, and from noon on Christmas Eve and New Year's Eve counts as work on a church holiday.

115. Section II of the wage agreement reached between the employers and the Icelandic General and Transport Workers' Federation covers working hours. Article 2, paragraph 1, stipulates that active working hours during the daytime shall be 37 hours, 5 minutes per week. Working hours shall be from 7.55 a.m. to 5 p.m., Monday to Friday, or from 7.30 a.m. to 4.35 p.m., Monday to Friday. Contractual overtime begins at the conclusion of the agreed daytime work, 7 hours and 25 minutes of active working hours (during the period from 7 a.m. to 5 p.m., Monday to Friday). The pay for overtime work shall amount to daytime pay plus 80 per cent as overtime pay rate, or 1.038 per cent of monthly wages for daytime work. For all extra work on church holidays there shall be paid an hourly wage which amounts to 1.375 per cent of monthly wages for daytime work.

116. There are comparable provisions for daily working hours and payments for extra work in the agreement between employers and the Union of Factory Workers, as well as other agreements. This agreement, however, covers shift work. Article 2, paragraph 6, stipulates that double shifts are permitted for five days per week from 7 a.m. to midnight, and triple shifts for five days per week 24 hours a day if necessary. All shifts shall last for 8 hours, including 35 minutes for refreshments. An average of 17 per cent extra pay shall be added to the pay for both shifts on double shifts and 27 per cent on all three shifts on triple shifts. The article stipulates that it is permitted to have triple shifts every day all year round, 8-hour watches, provided an average of 45 per cent extra pay is added to the pay for all three shifts.

(b) Information on the position of working hours, etc.

117. When looking at table 12, it appears that the working hours of most professions in Iceland are very long, especially in comparison with other countries. This has come as a surprise to many, among others the Council of Europe's Committee of Experts which has mentioned this specifically in its report. The Committee's comments have been forwarded to the local body whose responsibility it is to gather information on working hours, i.e. the Institute of Labour Market Research. This institute is an independent body, governed by a board composed of representatives from the Icelandic Federation of Labour, the Confederation of Icelandic Employers, the Federation of Icelandic Industries and the Association of Cooperative Employers. The Institute of Labour Market Research has obtained information from abroad on how average working hours are calculated in a few neighbouring countries of Iceland. It appears that the methods used by the Institute are not comparable to the ones used in these countries. The difference is that figures issued by the Institute take into account the average overtime of workers turning in at least 400 hours of daytime work every quarter, on the premise that all would turn in full daytime work (40 hours per week). In these calculations, absence from work or sick leave have not been taken into account.

118. The Institute is presently reviewing statistics on working hours in Iceland, using for that purpose the methods most often used in our neighbouring countries, i.e. the calculations are based on the average paid weekly working hours of an employee holding a permanent position. When speaking of an employee holding a permanent position, it is assumed that he or

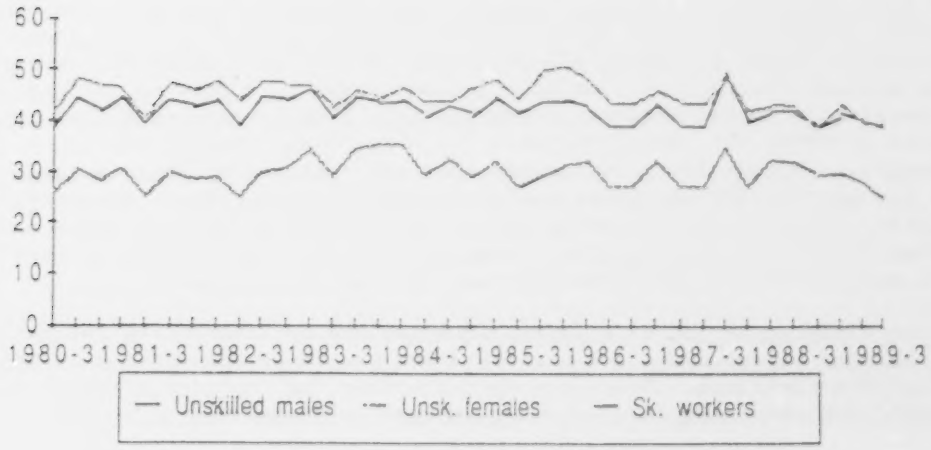
she has been employed by the same employer for at least three consecutive quarters, the mid-quarter being looked on as average. The first interim results are published in figures 1 and 2. It is obvious that the working hours are considerably shorter than appears from table 12.

Table 12. Average weekly working hours, by occupation

Year:	1982	1983	1984	1985	1986	1987	1988	1989
Unskilled males	52.4	51.3	52.1	53.0	52.9	52.7	50	50.5
Unskilled females	45.7	45.1	45.6	46.5	45.7	45.9	46.6	44.4
Skilled workers	49.6	49.5	50.7	51.3	50.7	49.7	47.5	47.9
Clerks, males	45.8	46.0	46.7	47.8	47.5	47.3	47.1	48.0
Clerks, females	44.6	45.0	45.2	46.8	46.2	46.4	46.0	46.5
Office staff, males	41.9	42.6	42.1	43.3	43.1	42.3	42.3	42.1
Office staff, females	40.4	40.2	40.3	41.3	41.4	41.2	40.9	40.5
Average:	47.8	47.3	47.9	48.9	48.5	48.2	46.6	46.8

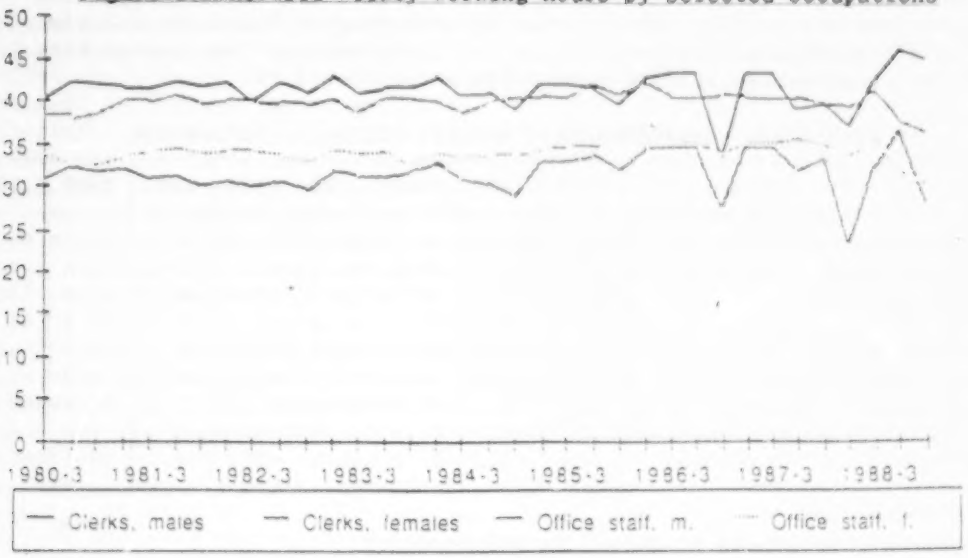
Source: Institute of Labour Market Research

Figure 1. Revised weekly working hours by selected occupations



Source: Institute of Labour Market Research

Figure 2. Revised weekly working hours by selected occupations



Source: Institute of Labour Market Research

119. It has been the policy of the Icelandic Government to seek ways to reduce the long working hours for most categories of worker. Therefore, the Minister of Social Affairs appointed on 22 September 1987 a special working group which was given the task of formulating proposals for the Government in order to reduce working hours. The committee recommendations, submitted in July 1988, are concerned with two matters in particular. Firstly, the committee refers to areas in which the social partners are able to act through mutual agreements. The committee recommends that the contracting parties agree on a reduction of overtime-pay rates and an increase of day rates. Secondly, the committee refers to certain moves on the part of the Government which are intended to shorten working time. Amongst these are tax deductions from wages, made at source, by firms and the limiting of overtime by law.

120. The Ministry of Social Affairs requested the opinion of the largest organizations of employers and workers about the recommendations made by the working-time committee. Below are extracts from The Confederations of Icelandic Employers and the Icelandic Federation of Labour.

121. The Confederation of Icelandic Employers is in agreement with the committee that a reduction of overtime rates is desirable and would reduce excessive overtime work and promote a natural balance between the position of those who only work during the daytime and those who rely mostly on overtime work. The Confederation also opposes strongly all ideas regarding legislation limiting working time.

122. The Icelandic Federation of Labour's Central Committee regards it necessary to reach a broadly based agreement on ways to achieve the goal of shortening working time, since legal coercion alone is not considered an effective or acceptable method of achieving this goal.

Article 8: Trade-union rights

(a) Principal laws

123. The principal legislation on this question is:

(a) The Freedom of Association and Protection of the Right to Organise Convention (No. 87) and the Right to Organise and Collective Bargaining Convention (No. 98) of the ILO;

(b) The Constitution of the Republic;

(c) The Trade Unions and Industrial Disputes Act, No. 80/1938.

(b) Right to form and join trade unions - right of trade unions to federate

124. Since 1874 the Icelandic Constitution has provided for the freedom of association. The present Constitution of the Republic, by its article 73, stipulates that all persons shall be free to organize for any lawful purpose without seeking permission. An organization may, however, be banned temporarily, but in that event legal proceedings must be undertaken before the courts for dissolution of the organization. There is no record of this provision for temporary banning of an organization ever having been applied.

125. In addition to this general provision of the Constitution - which of course applies equally to trade organizations, employers' organizations, organizations of whatever nature - the Trade Unions and Industrial Disputes Act, No. 80/1938, provides that it shall be open to all persons to form trade unions and trade union federations for the purpose of protecting the interests of the working class and wage earners in general.

126. Unions of employees or employers are not required to comply with any specific formal conditions when they are formed. Except for what follows from what has been said above, workers' or employers' unions are not subject to any conditions in the matter of their programmes or constitutions. There are no direct legal provisions in respect of the right of workers' or employers' unions to join international federations of a kindred nature, but an official ban on doing so, or any interference in such matters, would unquestionably be deemed to clash with the purport of the Icelandic Constitution. There are no specific provisions in respect of the federations of workers' or employers' unions, and thus these come under the same provisions as apply to individual unions.

127. In order for a union to acquire a legal personality, it must have a responsible committee of management, capable of representing it, and it is essential that the union should have a formal constitution. When a workers' or employers' union complies with these conditions, it follows of itself that it has legal personality.

128. As stated above, the Icelandic Constitution guarantees the right of organization for whatever lawful purpose. Should the legality of the organization's purpose be disputed, proceedings against it must immediately be taken in the law courts for its dissolution (art. 73 of the Constitution).

129. On the question of meetings, the Constitution stipulates that unarmed people shall have the right to assemble. Public open-air meetings may, however, be forbidden when it is feared that they may cause riots (art. 74 of the Constitution).

130. No specific measures have been taken to ensure that workers and employers shall be able to exercise the right of organization without interference, that right being founded upon the Constitution of the Republic and the provisions of the Trade Unions and Industrial Disputes Act, No. 80/1938, as well as on the nation's ingrained respect for the right of the individual.

(c) Right to strike

131. Effect is given to the right to strike by Act No. 80/1938 on trade unions and industrial disputes, and by Act No. 33/1978 on mediation of industrial disputes, which took effect on 1 June 1978. The latter Act replaces chapter III of Act No. 80/1938.

132. Section II of Act No. 80/1938 deals with the right to strike, lock-outs and restrictions on the right to strike. Article 15 of the Act states when a trade union or an employers' association will be permitted to begin a work stoppage provided a decision relating thereto has been made:

(a) By a general secret ballot having continued for a minimum of 24 hours and provided that the Executive Committee has given adequate notice of where and when the casting of votes on the stoppage of work shall be undertaken;

(b) By a negotiating committee or an executive committee having been commissioned to decide upon the stoppage by a general election undertaken in the same manner as specified in clause (a);

(c) By a council of trustees if the statutes of the organization concerned entrust such power to them and provided the work stoppage had been approved by a minimum of three quarters of the votes cast at a lawful meeting of the council of trustees.

133. Restrictions on the right to strike as found in article 17 are as follows. It is not permissible to commence a work stoppage:

(a) When a dispute only concerns matters on which the Labour Court is empowered to pronounce, except for the enforcement of the Court's decree;

(b) When the purpose of the work stoppage is to force the authorities to perform acts which they are not in duty bound to undertake or not to perform acts which they are to undertake according to laws, provided that these are not acts to which the authorities are a party in the capacity of employers. The laws in force relating to civil servants remain unchanged, this provision notwithstanding;

(c) In support of a union having commenced unlawful work stoppage.

134. Act No. 80/1938 on trade unions and industrial disputes is appended to this report (No.1).

135. In the year 1986 a new act concerning wage and terms agreements of civil servants, No. 94/1986, came into effect. According to the Act, the negotiating procuracy for employers is entrusted to the Minister of Finance acting for the State and State bodies, and to the municipal councils on behalf of their employees. The Minister of Finance may also exercise the procuracy on behalf of freehold establishments financed by public money if he is entrusted with it by their governing boards.

136. The negotiating procuracy on behalf of employees shall be held by their trade unions. In order to be recognized as a negotiating party, a trade union must meet at least one of three conditions:

(a) It must be a general trade union of employees working for a particular employer, including two thirds of his employees;

(b) It must be an association of employees of a particular institution with at least 100 members including two thirds of all the employees of the institution;

(c) It must be a professional association including at least two thirds of the employees in the sphere of professional activity working for all the employers covered by the Act.

137. The Act also contains special provisions to the effect that societies which at the time of the Act taking effect on 1 January 1987 had a special wages and terms agreement with a public employer automatically acquired the right to negotiate further agreements even though they might not meet one of the conditions listed above.

138. Judges and the chief executives of the principal administrative institutions and the largest State-owned companies are exempted from the negotiating procuracy of the individual unions, since their wages are determined by the State Salaries Arbitration Court.

139. Wages and terms agreements concluded by unions shall extend to wages, working hours and other details of terms which are not determined by law, e.g. pension payments and the right to sick leave. However, it is sometimes agreed in connection with wages and terms agreements that the Government would take action to amend the laws covering these matters.

140. The right of the unions to negotiate agreements includes the right to strike, which is nevertheless subject to certain limits and is covered by special regulations. The most important limits to the right to negotiate are that the law specifies those parties which may not strike. These comprise, on the one hand, the directors of institutions and their deputies, and on the other those workers who are employed in security services and the most vital positions in the health service. Those workers who are employed in security services are defined by the law as the police and customs officers, and provision is also made for the annual publication of a list of other occupations covered by this provision. If disputes arise regarding amendments to this list, they may be referred to the Labour Court.

141. A strike, if one is called, is a general strike, i.e. it includes all the workers in the relevant trade union working for the employer against whom the strike is directed. Those who are not permitted to strike in terms of the laws mentioned above are, however, exempted from the strike. A decision concerning a strike may be taken only by a general ballot in each union. The agreement of half of the members is required, and it is required moreover that the participation in such a ballot shall be not less than half the number of those entitled to vote. A strike shall be called with at least two weeks' notice.

142. Act No. 94/1986 concerning wage and terms agreements of civil servants is appended to this report (No. 17).

Article 9: Right to social security

(a) Principal laws

143. The principal laws in this field are:

(a) Act No. 59/1983 on health services, with amendment No. 75/1990;

(b) Act No. 67/1971 on social security, with later amendments.

(b) Main features of the schemes in force

144. In 1989 a report was sent to ILO on the measures taken to give effect to the provisions of the Social Security (Minimum Standards) Convention, 1952 (No. 102). Iceland's ratification applies to Parts I, V, VII and IX and the relevant provisions of Parts XI-XIV of the Convention. The text of the report is reproduced below.

"REPORT

for the period until 30 June 1988, made by the Government of Iceland, in accordance with article 22 of the Constitution of the International Labour Organisation, on the measures taken to give effect to the provisions of the

SOCIAL SECURITY (MINIMUM STANDARDS)
CONVENTION, 1952 (No. 102)

ratification of which was registered on 20 February 1961.

The ratification applies to Parts I, V, VII and IX and the relevant provisions of Parts XI-XIV of the Convention.

I.

Part V. Old-Age benefit.

The Social Security Act No. 67/1971 with 53 Amendments.

Concerning amount of benefits are:

Regulation No. 449/1987,

Regulation No. 588/1987,

Regulation No. 31/1988,

Regulation No. 266/1988,

Regulation No. 448/1988.

Notification No. 10/1975 of the ratification of Amendment of the Nordic Countries' Social Security Convention of 15 September 1955. This Convention was originally ratified by Notification No. 72/1956.

Part VII. Family Benefit.

Reference is made to laws concerning Part V. above.

Part IX. Invalidity Benefit.

Reference is made to laws concerning Part V. above.

A copy of translation of Social Security Insurance in Iceland as amended up to 1 January 1981 is appended to this report. A new translation is coming soon.

II.

Part V. Old-Age Benefit

Article 26.

Right to old-age pension is achieved at the age of 67 irrespective of means or income.

Article 27.

Entitled to old-age pension are those who are 67 years of age or older, and have been residents in the country for a least 3 calendar years from the age of 16 to 67 years.

Entitled to full pension are those who have been residents in the country at least 40 years from the age of 16 to 67. If the period of time is shorter, pension is proportionate to the time of legal residence.

Article 28.

The following figures show the benefits, wages etc. from 1 July 1987 to 30 June 1988.

Article 67. Title III.

		ISK per year
C.	Married couple (both receiving pension from age 67) 1/	180,122
D.	None	
E.	None	
F.	Standard wages 2/	457,176
	Benefits as percentage of standard wages 37.9	

C. Article 65. Title VI.

1. The amount of benefits can be changed by the Government without parliamentary legislation (Act No. 20 1965). If there are changes in unskilled labourer's wages the Government must within 6 months change the amount of benefit in proportion of the change in wages (Act No. 96/1971).

2.

	Cost-of-living index	Index of earnings
A. 1 July 1987	202.97	1,646
B. 30 June 1988	265.35	2,187
C. A as percentage of B	77.4	75.3

3.

	Benefits 3/	
	Average per beneficiary 4/ (ISK per year)	Benefit for standard beneficiary (ISK per year)
A. 1 July 1987	264,666 5/	163,752
B. 30 June 1988	342,675	206,856
C. Percentage A/B	77.2	79.2

1/ In addition to the above-mentioned basic pension, income related supplement is paid ensuring the pensioner a certain minimum income. For the period 1 July 1987 to 30 June 1988, old-age pension including full such supplement amounts to ISK 524,804 a year for a married couple, both partners eligible for pension.

2/ An unskilled labourer's wages in Reykjavik is selected as standard wages. Regional differences in wages are small.

3/ A married couple is regarded as one beneficiary.

4/ Estimated.

5/ The supplementary pension is included. The National Insurance Act, article 19.

Table 1.

The yearly old-age pension for a single person in June 1988 according to Act No. 67/1971 with amendments.

	ISK
Pension claimed from the age of 72	192,012
..... 71	172,380
..... 70	153,480
..... 69	139,140
..... 68	124,704
..... 67	114,924

Article 29.

Please see under article 27.

Those who have resided full 20 years at the age 67 are entitled to half old-age pension. Those who have no other income than pension or very low income are also entitled to half supplementary allowances (please see under art. 67, title III).

Article 30.

Internment in prison terminates the pension.

Maintenance in an institution at expense of the health insurance replaces the pension. However, if the pensioner has no income, he retains at least about 50% of his basic pension.

Part VII. Family Benefit

Articles 40-43.

Family benefits or children's benefits were transferred to taxation in 1975. Children's benefits were granted in Iceland as a deduction from State income taxes, and were payable directly, if levied income taxes fell short of the benefit. Children's benefits are paid to the parents or to the child's provider until the age of 16 years. The structure of children's benefits as applied to taxes paid in 1987 (levied on income of 1986) are outlined below:

a. General children's benefits.

1. Two parents family. Children under 7 years: ISK 25,250. Child over 7 years: ISK 12,625. For second and each additional child in a family were paid ISK 19,910 (over 7 years) and ISK 31,535 (under 7 years).

2. One parent family. Benefits were paid at a fixed rate of ISK 25,250 regardless of number or age of children.

b. Extraordinary children's benefits.

The extraordinary children's benefits were introduced in 1984. In 1987 it was paid at the rate of ISK 25,250 per child. These benefits were paid in the same manner as the general benefits. The benefits were granted to two parents families with combined gross income of ISK 505,000 or less and net assets (for wealth tax assessment) under ISK 3,136,500. For single parent the figures were ISK 344,250 and ISK 2,091,000 respectively. The benefits were reduced at a rate of 7% of income exceeding these limits and by 1.2% of wealth of two parent families and by 2.4% of wealth of one parent family. Hence, the benefits were paid to two parents family with gross income of up to ISK 865,700. The corresponding figure for one parent families is ISK 705,000.

In 1986 general children's benefits were granted to 65,076 families, of which 7,863 were single parents. The benefits amounted to ISK 1,160 million, which corresponds to ISK 17,820 on average. Extraordinary children's benefit's were granted to 20,033 families in 1986 and amounted to a total of ISK 223.6 million, or ISK 11,160 on average.

Income taxes in Iceland were paid with a lag of one year, i.e. taxes were levied on income of the year before. In the year 1987 a radical change was made on the Icelandic tax legislation which took effect on 1 January 1988. The main change was that P.A.Y.E. (Pay-As-You-Earn) system was introduced. According to this new legislation all income taxes both State and municipal is paid at a flat rate of 34.75% and a personal allowance of ISK 186,624 was granted. This means that incomes in 1988 up to ISK 530,182 were not taxed. Moreover, the personal allowance is now transferable between spouses up to 80%. In the new tax system children's benefits are paid quarterly directly to both parents and are not as before granted as a deduction from State income taxes.

General children's benefits in 1988 (Until 30 June 1988).

1. Two parents family. First child under 7 years: ISK 35,776. First child over 7 years: ISK 17,888. For second and each additional child in a family were paid ISK 26,832 (over 7 years) and ISK 44,720 (under 7 years).

2. One parent family. First child regardless of age ISK 53,664. Two children regardless of age ISK 125,125.

Further information on the new system of children's benefits can be read from table 2.

Table 2.

Family Benefits (Children's benefits) until June 1988.
Cash benefits paid quarterly - figures refers to yearly payment.

Number of Children	Total cash benefit paid in 1988: Up to 7 years	Over 7 years	Couples ISK-per year	Single parents ISK-per year
1	1	0	35 776	53 664
1	0	1	17 888	53 664
2	2	0	80 496	125 216
2	1	1	62 608	125 216
2	0	2	44 720	107 328
3	3	0	125 216	196 768
3	2	1	107 328	196 768
3	1	2	89 440	178 880
3	0	3	71 552	160 992
4	4	0	169 936	268 320
4	3	1	152 048	268 320
4	2	2	134 160	250 432
4	1	3	116 272	232 544
4	0	4	98 384	214 656
5	5	0	214 656	339 872
5	4	1	196 768	339 872
5	3	2	178 880	321 984
5	2	3	160 992	304 096
5	1	4	143 104	286 209
5	0	5	125 216	268 320
6	6	0	259 376	411 424
6	5	1	241 488	411 424
6	4	2	223 600	393 536
6	3	3	205 712	375 648
6	2	4	187 824	357 760
6	1	5	169 936	339 872
6	0	6	152 048	321 984

Article 44

A. Please see under Article 28.

B. 1-3 Total value was ISK 3,031,505,262 in 1988.

C. b.(i) Total number of children under 16 years old was 67,305 on 1 December 1988

b. (ii) Wages of an ordinary male labourer multiplied by the total number of children is 475,176 x 67,305 = 31,981,720,680. The total value of benefits is 9.5% of this amount.

Part IX. Invalidity benefit.

Article 54.

Invalidity pension is payable to persons aged 16-66 whose earnings capacity is reduced to one fourth or less of what a mentally and physically fit person of a similar training earns in the same district. If the earning capacity is between one half and one fourth a benefit may be granted.

Article 55.

Invalidity pension is paid irrespective of means.

Article 56. Article 65. Title VI.

1.-2. Please see under Article 28 above.

3.

	Benefits 1/	
	Average per beneficiary 2/ (ISK per year)	Benefit for standard beneficiary (ISK per year)
A. 1 July 1987	275,951	163,752
B. 30 June 1988	337,709	206,856
C. Percentage A/B	81.7	79.2

The periodical payment was increased four times during the period 1 July 1987 to 30 June 1988, i.e. 1 October 1987, 1 January 1988, 1 February 1988 and 1 June 1988.

Monthly payment to a single pensioner in July 1987 was ISK 7,581 and in June 1988 ISK 9,577.

Article 57.

There is no qualifying period except for those taking up residence in the country. No qualifying period though is required of those who had full working capacity upon becoming residents.

No individual contributions are to the State Social Security Schemes from 1 January 1972.

Article 58.

The invalidity pension is replaced by old-age pension at the age of 67.

1/ A married couple is regarded as one beneficiary.

2/ Estimated. Including personal supplements.

The pension is suspended:

a. if the pensioner becomes a foreign resident,

b. in case of prison internment,

c. in case of being maintained in an institution at expense of the Health Insurance Scheme. He may though get at least about 50% of his basic pension, if he is entirely without income. This goes also for b.,

d. if the pensioner neglects to comply with doctor's remedy or neglects to make use of medical or rehabilitations services.

Part XII. Equality of Treatment of Non-National Residents.

Article 68.

A.

There is no difference in treatment of national and non-national residents.

Citizens of Denmark, Finland, Norway and Sweden and Icelandic citizen with residence in any of these countries are in case of emigration protected without qualifying period according to mutual agreement between Iceland and these countries.

B.

Recourse is had to the provision of paragraph 1 of article 68. A qualifying period is stipulated for old-age and invalidity pension.

Part XIII. Common Provisions

Article 70.

1.-2. The Social Security Council, governing body for the State Social Security Institution, acts as tribunal in cases of disputes concerning benefits. If a dispute concerns the degree of invalidity, the Chief Insurance Doctor decides the issue. Every claimant has the right to appeal to civil courts.

Article 71.

1. Old-age benefit, invalidity benefit and family benefit are all part of the Pension Insurance Scheme.

3. Year 1987.

	Resources allocated 1/ Thousands of ISK (A)	1,000's ISK Contributions (B)
Part V.	4,660,467	0
Part VII.	2/	0
Part IX.	1,324,046	0
	5,984,513	

4. 0 per cent.

5. The current income of the Pensions Insurance Schemes is used to meet current expenditure. Both are fixed by statute so as to obtain yearly equilibrium.

6. (i) The old-age and invalidity pension was increased by 7.23% at 1 October 1987, by 5% at 1 January 1988, by 2% at 1 February 1988 and by 10% 1 June 1988.

(ii) Contributions (premiums) were cancelled from 1 January 1972.

Article 72.

Persons protected do not participate in managing the scheme.

Part XIV. Miscellaneous Provisions.

Article 77.

Recourse is not had to the provisions of paragraph 2.

III.

The State Social Security Institution under the ultimate authority of the Minister for Health and Social Security manages the Pensions Insurance Scheme.

The Institution is run by a five men board elected by ballot in the Althing (Parliament). The head office is in Reykjavik and the district prefects are its representatives outside the capital. Inspection is limited to the auditing of the Institution's books by the Inspectors of the Treasury.

1/ Cost of administration is apportioned between the individual items.

2/ From 1975, family allowances are transferred to taxation.

IV.

No court cases are known concerning the application of this convention.

V.

Social security legislation has only marginally been affected by the ratification of this convention, so no practical difficulties have arisen regarding its application.

VI.

Questions arising from the preparation of this report were dealt with in consultation with the tripartite Icelandic ILO committee.

Copies of this report have been communicated to The Confederation of Icelandic Employers and The Icelandic Federation of Labour.

No observations referred to in point VI have been received from the organizations of employers and workers concerned."

Article 10: Protection of the family, mothers and children

(a) Introduction

145. The main issues concerning the protection of the family, mothers and children come under the municipal authorities' area of responsibility, and it has proved difficult for the Government (i.e. the relevant ministries) to obtain accurate information on the municipal authorities' activities in this area. The Government has in various ways tried to make improvements, work for better management and gain a better overview of social services in the municipalities. The most important occurrence was the appointment of a committee in July 1986 for the purpose of drafting a bill on framework legislation concerning municipal social services. This legislation was to replace older laws in this field which in many ways had become out of date. More specifically, its purpose was to eliminate the following shortcomings in the organization of municipal social services:

(a) The implementation of municipal social services is based on many special laws which have been passed over very many years. Many of these laws have been out of date for a long time, and the scope of others overlaps in odd ways. Also, it is rather hard to ascertain internal relations or references between these laws, making it hard to coordinate the implementation of the services. This "specialization viewpoint" in legislation and implementation gives rise to doubts;

(b) The specialization viewpoint involves much division of responsibility according to the nature of the problems being dealt with. Thus, it results in the formation of numerous committees, each of which deals with one sphere of the social services. This has made difficult any general overview and coordination in the running and operation of the social services,

making them inefficient and not purposeful. The services for individuals have often been incoherent, and the public's dealings with the social services have often been made more difficult than they needed to be;

(c) The specialization viewpoint has also resulted in the management of the social services being divided between several ministries. Such an arrangement is an obstacle to overall supervision of the field and can obstruct coordination between laws and a coordinated implementation. The supervision of and assistance with the implementation of these laws has been defective, and this may be blamed on decentralized management;

(d) To a considerable extent, decentralized management is responsible for policy formulation in social services being rather difficult. Individual fields in social services have become marginal issues for several ministries which have not even had special personnel to take care of such issues. The decentralized management of the social services within the municipalities has still further added to the difficulties in policy formulation. The results are that there is no policy for social politics similar to the Government's policies in matters of public health and education, for example. Special laws, however, contain goal descriptions for individual fields although their implementation is very varied;

(e) There seems to be no coordination of basic issues in the implementation of the social services. Generally, the municipalities have been considered the basic unit of the social services. However, in important fields there are statutory areas where the municipalities are obliged to operate jointly or to cooperate on social services. These areas are not always the same, however, and vary with respect to the field in question. Thus, the municipalities are to take care of services for the elderly under the auspices of district boards, and cooperate on labour exchange in employment areas. The drawbacks of this system notwithstanding, the advantage is that attempts are made to overcome the limitations in social services caused by the small number of inhabitants in many municipalities;

(f) Most municipalities of the country are too sparsely populated to be able to render any significant social services on their own. The social services covered by the bill are virtually only to be found in the largest municipalities. This, inevitably, leads to inequality with respect to people residing in the country.

146. The draft of a bill on social services was presented to the Althingi at the end of April 1990. The bill was not passed before the Althingi recessed in May 1990 and it was to be resubmitted when the Althingi reassembles after the summer recess in October 1990.

147. This bill proposes a change in municipal social services and the part played by the State. The provisions of the bill concerning changes in social services first and foremost aim at favouring the overall view rather than the specialization viewpoint in the management and organization of social services. This involves taking steps at the State level towards handing over management and supervision of the implementation of social services to one ministry, the Ministry of Social Affairs, instead of its being divided between ministries as it is now. Furthermore, the management and implementation of

the social services will be coordinated at municipal level in one committee, a committee on social services. Finally, the municipalities will be encouraged to cooperate in the implementation of social services for the purpose of making such services available to everybody.

148. Framework legislation gives to the municipalities great leeway to make decisions depending on circumstances. For that reason it is necessary that there should be effective supervision by the executive authority. The final responsibility for providing decent social services will, thus, rest within the scope of the law. The role and the responsibility of the relevant ministry will first and foremost be revealed by the issuing of regulations, the issuing of guidelines for the municipalities, the gathering and dissemination of information, as well as by taking the initiative in policy-making.

149. New fields of social services should be transferred to the Ministry, either wholly or in part. The most important issue is child welfare cases, which would be wholly transferred from the Ministry of Education to the Ministry of Social Affairs. It is also proposed that responsibility for day care, the affairs of the elderly and the affairs of alcoholics and drug prevention should be partly transferred to the Ministry of Social Affairs. The affairs of the elderly and services for alcoholics are currently under the auspices of the Ministry of Health and Social Security. The bill does not propose that these issues should be put entirely under the auspices of the Ministry of Social Affairs because they are matters which concern the State as well as the municipalities. Furthermore, special laws would have to be amended for the purpose of separating social and health aspects. This would restrict a general overview within these fields, making for a limited benefit.

150. The committee responsible for drafting the bill proposed that the matters of day care be wholly transferred from the Ministry of Education to the Ministry of Social Affairs. The committee appointed by the Government to read the bill concurred. This proposed measure, however, has met with serious opposition from the Ministry of Education and the Icelandic Pre-School Teachers' Union. This opposition is based on the view that by transferring matters of day care to the Ministry of Social Affairs, the continuous pedagogic work in pre-school and elementary schools will be interrupted, and that such arrangement could impair coordinated development work in pedagogic affairs. For the purpose of meeting these viewpoints half way, it has been accepted that the professional supervision of pedagogic work in day-care centres should be under the auspices of the Ministry of Education.

151. Matters of day care and child welfare both count as social services which should be under the auspices of the municipalities according to the laws on municipalities. In most municipalities these sets of issues come under organized social services where they are available. There is reason to point out that the committee on the review of child welfare laws, under the auspices of the Ministry of Education, has also proposed that these sets of issues should be transferred to the Ministry of Social Affairs. According to laws on changes in the division of responsibility between the State and the municipalities, No. 87/1989, State appropriations for the construction of day-care centres should be eliminated; these matters are the sole responsibility of the municipalities.

152. There has been little or no cooperation between the State and the municipalities with respect to the implementation of social services. By transferring the administration of social services to one ministry, it may be expected that the organization of social services would be firmer, its policy-making better defined and the division of responsibility between the State and the municipalities clearer. It is likely that with the advent of a special department in the Ministry of Social Affairs, responsible for municipal social services, the cooperation between the State and the municipalities can enter a much better stage than hitherto. This would, not least, benefit the municipalities, which would then get assistance and instructions on the handling of these matters.

153. It is the considered opinion of the committee which drafted the bill that framework legislation would be suitable in laws on municipal social services. Such framework legislation would afford the municipalities a certain freedom and independence in their choice of methods for reaching specific goals. Furthermore, the social services would not be tied tightly to customs and working practices. There would be more opportunities to take into account local views, and there would be more flexibility in the social services. However, the independence enjoyed by the municipalities - which results from such framework legislation - makes increased demands on the legislature, elected members of local councils and their personnel for guaranteeing safety under the law and equal rights for all citizens with respect to social services.

154. During the past few decades, the Icelandic Government has put special emphasis on several sets of issues which are important with respect to social services for individuals and groups. These issues are day care, matters concerning the aged, and housing problems.

155. For reasons which have been explained in detail in this report, it has proved difficult to give an account of the scope of social assistance in Iceland. The newest available information on these matters dates from 1984, appearing in the Statistical Report of the Nordic Countries under the title "Social Security in the Nordic Countries". According to this publication, Iceland's total outlay for social security came to ISK 13,000 million, having risen by 53 per cent at fixed prices since 1975. The outlays were divided in the following manner (in millions of ISK):

Due to illness	6,598
Work-related accident insurance	125
Unemployment insurance	187
Old-age and disability allowances	3,546
Families and children	1,891
Social services	125
Deductions due to taxes	25
Administration	250
Total outlay for 1984	12,750

Appendix No. 12 includes the reply to the ILO questionnaire on the cost of social security during the years 1984, 1985, 1986 and 1987.

(b) Day care for children

156. It is a known fact that various factors influence the general environment of the family in society. These include day care which has gained more and more importance, especially since women's participation in the labour market has become very common. This change makes new demands on society, among other things that the children should be safe even though their parents are absent from the home during long workdays. The Government has tried to enable more children to stay at day-care centres and to make alterations in schoolwork so as to protect the interests of the home.

157. The Statistical Bulletin, published by the Statistical Bureau of Iceland, 2nd issue, vol. 73, February 1988, reveals in its summary of day-care centres in the country from 1981 to 1986 that in that period the number of full-time equivalent places rose from 848 in 1981 to 1,215 in 1986.

158. Table 13 gives detailed information on developments in this field, inter alia that the number of children aged 0-10 years in day-care centres has risen from 6,096 in 1978 to 10,041 in 1988, the majority of children aged from 3 to 5 years being in nursery schools. In this age group, 8,549 children, or 69.4 per cent of the age group, enjoyed the services of day-care centres in 1988.

159. It might be mentioned in this connection that in August 1987 the then Prime Minister established an interdepartmental committee on family matters. Among the issues it was specially entrusted with were day care, pensions, taxation and education. The committee submitted an interim report on education and day care in August 1988. In its report, the committee defined some goals towards which it considered it necessary to strive. One of those goals was that elementary school pupils should stay at school for at least six hours a day. The committee suggested that special steps should be taken to furnish school refuges until proposals for the lengthening of the school day could be implemented. Also, the committee proposed changes in the pre-school departments of the elementary schools so that all pupils could receive the same number of lessons independent of the number of children in question.

160. The committee also proposed that the 10-year plan for day-care centres, which was made by a committee under the auspices of the Ministry of Education in 1981-1982 in accordance with an agreement between the Government and the social partners in October 1980, should be adhered to. In its report the committee set forth a plan for reaching the goals proposed in the agreement, beginning in 1980 and lasting the next five years. The plan would involve some changes in emphasis, especially an increase in nursery schools offering day care for six hours. The committee suggested that radical changes should be made in the fee scales of day-care centres, proposing inter alia that they should be income related.

Table 13. Day nurseries in Iceland 1978-1988

Year	Registered children						
	Total	0-2 years		3-5 years		6-10 years	
		Total	% of all children aged 0-2 years	Total	% of all children aged 3-5 years	Total	% of all children aged 6-10 years
1978	6 096						
1980	6 982						
1981	7 430	1 192*	9.1	6 238**	51.6	278	1.3
1982	7 934	1 421*	10.7	6 513**	53.3	342	1.6
1983	8 140	1 350*	10.3	6 790**	53.4	377	1.8
1984	8 777	1 403*	10.8	7 374**	56	396	1.9
1985	9 404	1 533*	12.2	7 871**	59.5	433	2.1
1986	9 880	1 617*	13.4	8 263**	63.4	505	2.4
1987	10 183	1 522*	12.7	8 661**	68	508	2.4
1988	10 041	1 492*	11.7	8 549**	69.4	614	2.8

Source: Statistical Bureau of Iceland. Ministry of Culture and Education.

Note: 3/4 of the places are half-day care (4-6 hours each day) for children aged 2-5 years and 1/4 full-day care for children aged 3 months-5 years.

* Including children in half-day care - 1981:517, 1982:682, 1983:686, 1984:720, 1985:785, 1986:866 and 1987:800.

** Including children in half-day care - 1981:4 933, 1982:5 094, 1983:5 329, 1984:5 839, 1985:6 282, 1986:6 477 and 1987:6 827.

(c) Affairs of the elderly

161. On 1 January 1983 an act on services for the elderly came into force in Iceland (No. 91/1982 with amendment No. 114/1984). On 1 June 1989 new legislation was passed rectifying weaknesses in older legislation which had only become apparent in the light of experience. The main objective of the statute is the promotion of comprehensive care and integration of services to enable the elderly to live independently for as long as possible but additionally to provide the necessary institutional care when appropriate.

162. These statutes represent the first efforts of their kind in Iceland, attempting to coordinate both medical and social services for the elderly. Emphasis is put on linking the services for the elderly with existing services, i.e. the medical services of the primary health-care centres which are scattered around the country and community services offered by many municipalities.

163. In this context it is relevant to mention legislation on health services which entered into force in Iceland in 1974. This statute reorganized the health-care system, emphasizing primary health centres as the cornerstone of primary health-care services, but nevertheless making provisions for the availability of secondary and teritary health care.

164. The Health Services Act divides the country into eight areas, which are further divided into health districts. In each health district there are several health centres, which can be one of three categories:

(a) Health centres with two physicians and supporting staff;

(b) Health centres with one physician and supporting staff;

(c) Health centres with physician's reception and a nurse/midwife.

Such centres are serviced from a neighbouring health centre with a permament physician (at the time of reporting this applied to three centres).

165. The legislation on services for the elderly bases its regionalization of Iceland on the considerations stipulated in the Health Services Act. More detailed information on the services for the elderly is provided below.

Organization of services for the elderly

1. Organization on the national level

166. Matters of the elderly are the responsibility of the Ministry of Health and Social Security. To emphasize the importance of these issues, the Act stipulates the establishment of a special division within the Ministry to deal with them, thus securing a more effective management of matters concerning the elderly. Furthermore, the legislation stipulates that a commission on ageing shall be established. The commission shall consist of three members, who serve for a period of four years at a time. These members shall be nominated in a specific manner.

(a) One is to be nominated by the Icelandic Council of the Aged;

(b) One is to be nominated by the Union of Local Authorities and who serves as representative of the Ministry of Social Affairs;

(c) One is to be nominated by the Minister of Health.

The Minister of Health appoints one of the nominees as Chairman. The Director of the Division of the Elderly in the Ministry of Health serves as the secretary to the Commission.

167. The tasks of the Commission on Ageing are detailed in the Act. These cover a broad range of issues covering coordination to policy-making. The tasks include the following:

(a) To initiate policy-making on matters concerning the elderly.

(b) To plan services for the elderly on a national level;

(c) To act as a centre of information flow between ministries, institutions and organization which are working within the field of services for the elderly;

(d) To act as a counsellor to the Minister of Health and the Government on issues concerning the elderly;

(e) To manage the Elderly Persons' Construction Fund and to make proposals to the Minister of Health on the annual distribution of grants;

(f) To resolve conflicts on issues concerning legislation, in so far as conflicts could not be resolved by the courts. The Commission's rulings on such conflicts may be appealed to the Minister;

(g) To propose to the Minister rules on procedures concerning the regulating of admissions to institutions for the elderly.

2. Regional organization

The role of the boards of the health centres and the social services councils

168. To ensure comprehensive services for the elderly, the legislation stipulates cooperation between the boards of health centres and the social services councils. These are expected jointly to secure the availability of services for the elderly in their district. The joint task of these two bodies is:

(a) To plan community support services for the elderly in their district in cooperation with the directors of the various parts of the services;

(b) To nominate, in accordance with the statute's provisions, members of the Elderly Persons' Service Group;

(c) To propose to the relevant municipalities the staffing of the home-based community support services;

(d) To supervise adherence to standards and regulations on institutional care issued on the basis of the legislation;

(e) To conduct negotiations with individuals or organizations offering support services for the elderly.

169. When services for the elderly are on the agenda of a meeting of the board of a health centre and a social services council, representatives from institutions for the elderly in the district shall be invited to attend.

Elderly Persons' Service Groups

170. Every health centre shall have its own service group for the elderly. However, in instances where there is more than one health centre in the same municipality, the local government can decide to have a joint service group

for all the health centres. Similarly, neighbouring municipalities with more than one health centre can decide to cooperate on only one service group for their health centres.

171. The Elderly Persons' Service Group is to be a working group with representatives from the health centre, the municipality's/municipalities' social services and the organizations and institutions in the district which work within the field of care for the elderly. The group shall be composed of three to five members, one of whom must be a physician, preferably a specialist in either geriatric medicine, or primary health care. One shall be a nurse, preferably with knowledge of geriatric care or primary health care. The third shall be on the staff of the municipality's social services, preferably a social worker. The group is responsible for the supervision of the well-being of the elderly in their district.

172. The role of the Group is:

(a) To supervise the health and social care of the elderly in the district;

(b) To estimate the elderly's need for institutional care;

(c) To secure that the elderly in the district receive the care they require and need.

173. The surveillance part of the Group's role is the core of its functions. The legislation assumes that an outreach function will be an essential part of the surveillance role. Thus, the Groups are to maintain contacts with elderly people who are over a certain age, i.e. 75 years, and those who have not for a certain period of time, i.e. 6 or 12 months, contacted the health centre or the municipality's social services. This outreach function should locate those elderly persons who are in need for services and have for some reasons not sought it. But most importantly, in all its work, the Group, according to its guidelines, is to enable the elderly to live independently for as long as they can and want to.

3. Community support services

Home-care services

174. It is generally accepted and acknowledged that one of the most important factors in achieving the goal of enabling elderly persons to lead an independent life is effective home-based community support services. Hence, the statute encourages the establishment of home-care services. Home care is identified as the in-home assistance of both the health-care and social-care sectors. These supportive services are expected to include homemaker services and provision of hot meals, which would be the responsibility of the social-services sector. The health-care sector, on the other hand, would be responsible for visits by physicians and nursing services along with rehabilitation.

175. The development of home-based community support services is the joint responsibility of the boards of health centres and the social services council in each district. The relevant service groups for the elderly are expected to make suggestions concerning the organization of home-care, based on the situation in each district, inter alia, including the intensity of the service and whether it shall be rendered both on weekdays and weekends and 24 hours a day.

Financing of home-care programmes

176. The financing of home care is divided between the municipalities and the Treasury, the Treasury paying 35 per cent of the operating costs. The operating cost of the home-care programmes does not include the salaries of physicians, nurses and other health-care workers which the Treasury is responsible for according to the Health Services Act. It is further stipulated that the elderly enjoying the home-care programme shall pay for it according to a scale of fees issued by the Minister of Health. However, those elderly who have no income in addition to the social security pension are excused from paying.

4. Institutional care

Types of institutional care for the elderly

177. Although major emphasis is put on independent life outside institutions for the elderly, the Act recognizes the necessity of appropriate institutional care and stipulates that this shall be available. The Act describes five different levels of institutions:

(a) Flats specially designed with the needs of the elderly in mind. These flats are divided into categories, depending on the level of services available.

(i) Service flats offering physical space for socializing and a caretaker;

(ii) Sheltered flats offering, in addition to what is offered in the service flats, security buzzers with 24 hour staffing, homemaker services and meals;

(b) Old-age homes designed for those elderly who cannot live independently despite home-care services. Old-age homes consist of single and double rooms, each with their own bathroom. The homes offer a complete range of services, including all meals, all personal services, a physician's services and nursing, rehabilitation and facilities for socializing;

(c) Nursing care for those frail elderly who require more nursing than the old-age homes offer. The homes shall consist of single-bed and multiple-bed rooms, with the single-bed rooms making up at least 50 per cent of the available beds. In so far as possible, separate facilities shall be kept within each nursing-care unit for the elderly with mental disorders.

(d) Long-term wards for the bedridden elderly requiring considerable nursing. These wards should, if possible, be linked to a geriatric ward, a medical ward or a general hospital;

(e) Day care can function independently or in connection with any of the other categories of institutions.

178. The Act requires each institution for the elderly to be governed by a board consisting of five members. If the institution is in direct operational connection with a hospital, the requirements stipulated in the Health Services Act apply to the board of the institution. The board shall be appointed by the institution's owners. If a municipality is the owner of an institution, it can be governed by the municipality's social services council or health council. The staff and residents of the institution shall each nominate one member to attend board meetings. These two members are not allowed to vote, but have the right to speak and the right to make proposals.

179. The legislation stipulates the issuing of a regulation detailing more accurately the requirements for each category of institution, along with staffing requirements.

180. The legislation requires a licensing procedure before the construction and consequent operation of any institution for the elderly can commence. The same applies to all major reconstruction or operational changes to existing institutions. A licence for construction is applied for to the Minister of Health. The application must state the planned purpose of the institution, including what level of care it will offer and for how many persons. It must be accompanied with a detailed description of the owners, financing, staffing, operation and blueprints of construction plans and surroundings. Furthermore, the views of the district's service group for the elderly must accompany such application. Before issuing a licence, the Minister must seek the opinion of the Commission for the Ageing on the proposed plans.

Admission procedure

181. The board of each institution has the final word on applications for admissions. However, the director of the institution and the service group for the elderly in the district where the person seeking admission lives are obliged to give an assessment in writing using a regulation form on the need for admission. This certificate-of-need procedure is required for all institutions except for the service flats. However, the board can admit an applicant who has received a negative certificate of need, although the legislation does not anticipate such a turn of events.

Financing of institutional care

182. The legislation includes provisions on the financing of institutional care as follows:

(a) Service flats for which inhabitants pay rent as determined by the owners of the flats;

(b) Sheltered flats for which inhabitants pay rent and a service fee, both of which are determined by the owner.

(c) Old-age homes, nursing care and long-term wards for which a per diem fee is decided on by the Rates Committee and paid by National Health Insurance. The elderly themselves are expected to pay a proportion of their income towards the cost of their care in these institutions. However, they shall always keep a proportion of their income (25 per cent for those in old-age homes and 15 per cent for those in nursing care and long-term wards). The amount the elderly keep for themselves shall never be less than a certain amount which is stipulated in the legislation;

(d) Day care for which the elderly themselves are totally responsible for the cost. The legislation stipulates the setting of a scale of fees for day-care services.

183. The Act's provisions on the financing of institutional care are subject to a phase-in enforcement, decided on by the Government.

Elderly Persons' Construction Fund

184. The Elderly Persons' Construction Fund was established by law in 1981. The aim was to stimulate construction of institutions for elderly people.

185. When the bill on services for the elderly was prepared for presentation to the Althingi in 1982, the provisions on the Construction Fund were integrated into that bill. Since the Act on services for the elderly came into force in 1983, the provisions on the Construction Fund have been subject to amendments, all of which have dealt with the financing of the Fund and the part of that financing to be paid by the Treasury.

186. The Elderly Persons' Construction Fund has three sources of income:

(a) Revenue from a lump-sum tax, which every individual between the ages 16 and 75 must pay if their income exceeds a certain limit. This lump-sum tax shall be levied up to 1987. In 1986 this tax amounted to the equivalent of US$ 25;

(b) Voluntary contributions;

(c) Interest on its own capital.

187. The role of the Fund is partially to finance, through grants, the construction of the following categories of institutions for the elderly: also to aid the building of service-houses and day-care centres:

(a) Flats, both service flats and sheltered flats;

(b) Privately owned nursing-care facilities;

(c) Reconstruction of institutions for the elderly which is required by the legislation's provisions.

188. The Fund is also used to aid municipalities to start home-care services and for other projects supported by the Commission on Ageing and endorsed by the Minister of Health. The Fund can use 30 per cent of its annual income to pay grants to nursing-care facilities under construction which are owned by municipalities.

(d) Right of the family to social, legal and economic protection

189. The municipalities are responsible for most matters concerning the right of the family to social, legal and economic protection. According to article 4 of the Act on Municipal Affairs, No. 8/1986, municipalities are, among other things, obligated to take care of social affairs, including matters of maintenance, assistance to the elderly and handicapped, child welfare, prevention of illegal drug use and the operation of day-care centres for children, nursing homes for the elderly and domestic-help services. The biggest municipalities, i.e. Reykjavík, Kópavogur, Hafnarfjördur and Akureyri, have established special welfare departments for the purpose of dealing with such matters, including special family divisions. Unfortunately, as reliable information is not available on the activities of these divisions, it is possible only to mention the activities of the City of Reykjavík.

190. On 1 December 1989 the population of Iceland was 253,482. Of this, 96,727 lived in the capital, Reykjavík. In 1967 the City Council approved an arrangement of social services which aimed at combining and coordinating all social services under the auspices of the municipality of Reykjavik in one institution, the Reykjavík Municipal Department of Social Affairs, under the administration of the Social Welfare Board. The Social Welfare Board is composed of five representatives, elected by the Reykjavik City Council.

191. In accordance with Act No. 8/1986, the Department of Social Affairs deals with issues which are entrusted to the municipalities. The most important issues are: maintenance of families, social problems, housing, the affairs of the elderly, the affairs of young people, domestic assistance, child welfare and the prevention of alcohol abuse. All the large municipalities in Iceland, i.e. Kópavogur, Hafnarfjördur and Akureyri, have a similar arrangement of their social services. The main divisions of the Reykjavík Municipal Department of Social Affairs are the following: the division of finance and operations, the family division, the division responsible for the affairs of the elderly, the division responsible for domestic assistance and the housing division. The family division deals with child welfare services and other matters concerning families and individuals up to the age of 67. Apart from the child welfare services the department's main activities consist of providing financial assistance, work on preventing alcohol abuse and providing counselling. The family division is responsible for adoption, custody and visiting rights and fostering.

192. Tables 14 and 15 show the principal operating expenses of the municipality of Reykjavik for social services during 1987 and 1988. In 1988 they came to ISK 2,262,710,349, against ISK 1,542,497,045 for 1987. It should be mentioned that the annual rate of inflation in Iceland during 1987 and 1988 was 20-30 per cent. The table shows that of total operating expenses of the municipality of Reykjavík during the period from 1980 to 1988, 26-30 per cent were appropriated for social services.

Table 14. Expenditure of the City of Reykjavík and proportion spent on social welfare services

Year	Final consumption (thousand ISK)	Social welfare (thousand ISK)	% of total exp.
1980	306 083	9 328	30.5
1981	483 207	15 186	31.4
1982	863 054	250 513	29
1983	1 526 461	406 267	26.6
1984	185 487	625 915	33.7
1985	243 072	811 165	33.4
1986	3 362 789	1 158 033	34.4
1987	4 531 875	1 643 273	36.3
1988	6 225 783	226 271	36.3

Source: Reykjavík Municipal Department of Social Affairs, Annual Report 1987 and 1988.

Table 15. Expenditure of the City of Reykjavík by category

	1987 (thousand ISK)	1988 (thousand ISK)
Administration	69 838	91 578
Financial assistance	130 749	170 595
Social welfare services	152 228	192 666
Residential homes	55 846	70 998
Child-care services for children	449 238	611 927
Care of the elderly	83 943	135 641
Mobility of the handicapped	9 808	11 744
Grants to organizations	16 213	25 815
Pension funds	2 265	2 457
Funds	178 603	204 647
Social security, etc.	489 604	738 062
Employment services	4 934	6 574

Source: Reykjavík Municipal Department of Social Affairs, Annual Report 1987 and 1988.

(e) Housing

The housing stock

193. Population and housing censuses in Iceland had been taken during this century at 10-year intervals until 1960. Thereafter, a census was taken in 1981, but the findings are yet to be published. Regarding demographic statistics, the lack of census data has been compensated by data from the national registry which has been kept continuously since 1952. Housing statistics, however, in the period from 1960 to the present, are incomplete. For the last few years, statistics on the housing stock are based on findings from the real estate assessment registry, which is maintained for taxation purposes.

194. It is not clear, however, to what extent the registry's figures are comparable with the earlier census statistics. Nevertheless, a comparison between the two sets of statistics should give a fairly accurate indication of the main developments in this field in the last 20 years. According to estimates for 1985, the housing stock included a total of 84.5 thousand dwellings, as compared with 51.7 thousand in 1970 and 40.0 thousand a decade earlier. This implies an average increase of 3.0 per cent per annum over this 25-year period.

195. This tremendous growth of the housing stock greatly exceeds the population increase in the post-war years. In the period 1940-1960 the average annual rate of growth of the population was close to 1.9 per cent; this fell to 1.4 per cent in the period 1960-1970, to 1.15 per cent in the period 1970-1980 and to 1.10 per cent in the period 1980-1985.

196. Thus, the average number of inhabitants per dwelling has fallen from around 5.3 in 1940 to about 2.9 in 1980. The largest decline occurred in the period 1970 to 1980, when the total number of dwellings increased by an average of 3.2 per cent per annum against a corresponding population growth of 1.2 per cent per annum. Thus, the number of inhabitants per dwelling declined from 4 to 3.2 or by 18 per cent. Corresponding figures for the other Nordic countries are considerably lower, ranging from about 2.7 inhabitants per dwelling in Norway in 1980 to 2.3 in Sweden.

197. As indicated above, the population increase only explains a part of the rise in the number of dwellings in Iceland in recent decades. Other demographic factors have also been at work, in particular a large increase in the 20-30 age group, over and above the population growth, and the rising demand for separate dwellings by single persons. In principle the last-named factor can be explained by the growing prosperity of the population, which allows single persons to live in dwellings of their own. The number of people living out of wedlock and the number of single-parent households have also risen greatly in recent years.

198. The average age of dwellings is relatively low in Iceland. According to the real estate registry, only some 6 per cent of the total stock of dwellings in 1983 was comprised of houses built before 1920. Some 40 per cent were constructed in the period 1921-1960, 35 per cent were built in the years 1961-1975 and 19 per cent in the period 1976-1983. These figures represent a good indicator of developments in Icelandic society in this century.

Housing credit in Iceland

199. In Iceland residential construction is credit financed, mainly from three different sources:

(a) The State Housing Agency;

(b) Pension funds, of which there are nearly 100;

(c) Commercial and savings banks.

200. The State Housing Agency administers two State-owned mortgage-lending housing funds, the State Housing Fund and the Workers' Building Fund. The Agency is headed by a board of 10 members. Seven are elected for a period of four years by the Althingi, two are elected by the Trades Unions' Association and one by the Employers' Association.

201. The State Housing Fund has its origins in the General Mortgaging Programme of 1955, administered by the State Housing Board and the Mortgage Department of the National Bank of Iceland. The Mortgage Department was the chief mortgaging institution in Iceland from the turn of the century until the 1950s. The State Housing Fund (formally established in 1957) grants housing loans of many kinds, mainly to individuals, i.e., prospective owners. The largest part of the credit is granted towards new residential construction, but a substantial part goes to individuals who are buying existing and used dwellings. In the period 1982-1984 the Fund's new lending averaged some 2 per cent of GDP. The Fund's general building loans to individuals are available to everybody, subject to certain rules on family size, etc. Up to 1 September 1986 the loans covered some 20-25 per cent of the building cost, with a maturity of 31 years. After the restructuring of the housing-credit system that occurred after 1 September 1986, the loans can cover as much as 70 per cent of the building costs. The maturity has also been prolonged, to 40 years.

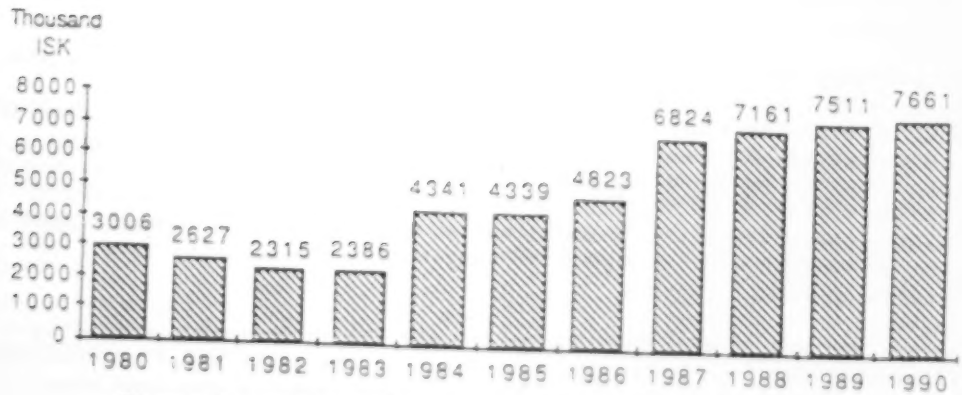


Figure 3. Loans by the State Housing Fund in 1989 prices

202. As before the loans are fully indexed and carry an interest rate of 3.5 per cent per annum. In the years 1982-1983 all new credit granted by the Fund for new construction purposes was equivalent to 16 per cent of total residential investment expenditure, but this ratio rose to 23 per cent in 1984 and even higher in 1985 and 1986. The State Building Fund is financed by borrowing, both from pension funds and from other sources, and by budgetary appropriations, apart from being financed from its own assets.

203. The Workers' Building Fund dates back to 1929, when a law concerning housing for workers was passed. The Fund finances special building projects for low-income earners. Such loans amount to 85 per cent of building costs. The so-called workers' dwellings that are financed in this way are sold to the prospective occupants, meaning any individuals with an income below a certain minimum. They then assume responsibility for the loans granted toward the building of their dwellings. These loans at present have a maturity of 43 years; they are fully indexed and carry a rate of interest of 1.0 per cent per annum. In the three years 1982-1984 the credit granted by the Workers' Building Fund was equivalent to over 10 per cent of total expenditure on residential construction in this period. The Workers' Building Fund is mainly financed by unrequited contributions from the central government budget and by borrowing from pension funds.

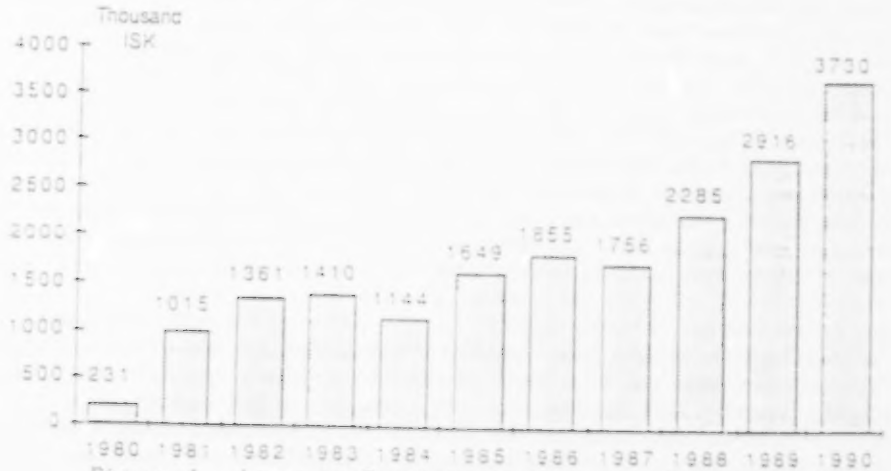


Figure 4. Loans by The Workers' Building Fund in 1989 prices

204. Pension funds traditionally have provided a major source of financing for residential construction in Iceland. Apart from lending to the two public housing funds mentioned above, the pension funds also lend to other investment funds, and a large proportion of their lending has until recently gone to their own members. That lending was used to a considerable extent for housing purposes, but no data is available on the utilization of that credit. The funds' total lending averaged 3.3 per cent of GDP in the years 1982-1983 but was nearly 4 per cent in 1984. Their lending to the housing funds and to their own members corresponded on the average to 45 per cent of residential investment in 1982 and 1983, rising substantially in 1984. However, only a

part of this lending has gone towards new housing construction. The pension fund loans to individuals commonly have a maturity of 20-25 years; they are fully indexed and bear a rate of interest of 5 per cent per annum.

205. After the new legislation of 1 September 1986 came into effect, the pension funds must channel 55 per cent of their capital through the State Housing Agency's two aforementioned housing funds. The pension fund's own lending to their members has since then either slowed nearly to a standstill or ceased altogether.

206. Commercial and savings banks have long served as an important source of the financing of housing. Data on this is, however, incomplete. In 1982-1984 net bank lending for all housing purposes corresponded on the average to just over 1 per cent of GDP and almost 21 per cent of residential construction. The banks commonly extend only short-term loans, with a maturity from several months to five years at most. At present, bank loans with maturities of three to five years are fully indexed and carry an interest rate of 5 per cent per annum.

207. Though incomplete, this description of the main sources of housing credit should reflect both an absence of an organized credit market for housing and the fact that the requirements for self-financing by owners has remained quite high, although the new loan system of 1986 is probably going to ease the homeowners' burden considerably in the future. Another characteristic of housing financing in Iceland up to the present has been the high share of the building costs that have been financed by the owner outside of the credit market, i.e. mainly out of his own income or by a reduction in his assets. This share has varied greatly from one individual to another, not only depending on his income or property but also on his access to the various sectors of the credit market. Typically, housing loans are not raised by an individual from any one source but from all the sources mentioned above and, in the case of bank loans, more often than not from many banks.

208. As mentioned above, housing credit is now granted at positive real interest rates, but these had been highly negative until the middle of the 1970s. This major change on the money market has raised the debt-service burden markedly in the last few years. It placed a great strain on households, as this change was not accompanied by a corresponding lowering of self-financing requirements or lengthening of the maturity of housing loans until 1986-1987. Housing credit issues, therefore, have been much debated in Iceland and will presumably continue to stand high on the agenda for public discussions and debate in the foreseeable future.

Residential construction

209. Since the end of the Second World War, housing construction in Iceland has been subject to large fluctuations. In the first half of this period, the fluctuations emerged in long cycles, but in the second half the fluctuations have been more short term and irregular.

210. In the last 10 years housing investment on the whole has stayed constant in real terms but varied considerably from one year to the next. It increased with the economic upswing in 1976 and 1977, then stagnated and fell in the

period 1979-1981, altogether by 14 per cent, in spite of the high rate of economic growth at that time. In the last three years, residential construction has fluctuated up and down by some 10 per cent in each of the years.

211. The fluctuations in housing construction in the last few years have partly gone against the overall economic trends in this period. To some extent this can be explained by variations in the supply of building sites, in the Reykjavik area in particular, as well as a saturation in housing demand outside the capital region following a construction boom in the years 1975-1980. Apart from this, the downswing in residential construction in 1978-1981 probably has been related to changes in credit supply and interest rates. In these years the total supply of credit for house building from the public housing funds decreased in real terms, but more important, there occurred a marked shift in lending involving large increases in lending for the purchase of used dwellings and the construction of dwellings for low-income earners and for communal housing projects.

212. In the period 1975-1984 investment in residential construction averaged 5.8 per cent of GDP, this ratio having been 0.5 per cent higher in the period 1960-1975. In 1985 and 1986, however, it fell markedly, to 5.0 per cent in 1985 and to 4.6 per cent in 1986. In the latter half of the 1970s, the ratio was slightly lower than on the whole in the OECD countries but about the same in the first years of the 1980s.

213. Calculated per 1,000 inhabitants, the number of completed dwellings fell from approximately 10 in 1976-1980 to 7 in 1981-1985 and to 6.1 in 1986. In the period 1971-1980 about 55 per cent of the number of completed dwellings were houses with one to five dwelling units in each house, the rest being larger multi-family houses. After 1980 the proportion of the smaller houses has increased greatly, to over 75 per cent. At the same time the average size of dwellings has notably climbed. Data on the number and size of dwellings under construction at the end of each year show that in the period 1971-1980, 64 per cent of all dwellings were one to five family houses, but this ratio averaged 77 per cent in 1981-1984. The share of these houses of the total dwelling space under construction was much higher and increased even more than the relative number of dwellings of one to five family houses: 71 per cent in 1971-1975, 78 per cent in 1976-1980 and 85 per cent in 1981-1984. The average size of dwellings in the larger multi-family houses under construction in the 1970s equalled approximately 95 m^2 but has averaged nearly 105 m^2 in the last three years.

Housing standards

214. Generally speaking, dwellings in Iceland are not only spacious but also well equipped. In 1970, 99 per cent of all dwellings had piped water, 97 per cent central heating, 94 per cent toilets, almost 80 per cent bathrooms, and 96 per cent had a gas or an electric stove. These figures are similar to or higher than the corresponding figures for the other Nordic countries at that time.

215. In 1983 the average size of dwelling units was 115 m^2 according to calculations based on figures from the real estate registry. The average size of dwellings completed in the past 40 years has fluctuated considerably, but in the past 20 years new dwellings have been on average considerably larger than those registered for the housing stock as a whole, most often 120-150 m^2, very much depending on the share of large housing blocks in the total number of completed dwellings.

216. As in most countries, the share of multi-family houses in the total housing stock has increased greatly in recent years. Thus, to take Reykjavik as an example, in 1973 some 22 per cent of all dwellings were one-family houses and 78 per cent multi-family houses. In 1983 these figures were 18 and 82 per cent, respectively. Of the dwellings in multi-family houses in 1973, some 53 per cent were in houses with two to five flats, 47 per cent in larger houses; these figures were largely unchanged in 1983. For the whole country in 1983, the proportion of all dwellings as one-family houses equalled 46 per cent. This ratio seems to differ widely in the neighbouring countries: in Denmark this ratio is about 10 per cent higher while in Sweden it stands considerably lower.

217. Statistics on the distribution of dwellings by number of rooms are scant for most recent years. For the beginning of the 1970s, it is estimated that some 18 per cent of all dwellings comprised one to two rooms plus a kitchen, around 50 per cent had three to five rooms and 32 per cent five or more rooms. As compared with the other Nordic countries for that period, the proportion of dwellings with one to two rooms proved to be very low in Iceland, while the proportion of large dwellings has increased considerably in recent years, as has also been the case in the other Nordic countries. No doubt, the relatively high number of large households and the high fertility rate in comparison with the neighbouring countries are the main explanations for the relatively large size of dwelling units in Iceland.

Tenure structure

218. One special feature of the Iceland housing situation is the very high owner-occupant ratio, in spite of the large share of multi-family houses in the housing stock. In 1940 the number of owner-occupied dwellings was 56 per cent of all dwellings. By 1950 this ratio had risen to 64 per cent and to 71 per cent by 1960. Census figures do not exist on the development since then, but a recent sociological survey gives a ratio of approximately 80 per cent for the country as a whole. The main reason for this high owner-occupant ratio is the very large number of owner-occupied flats in multi-family houses. This has been made possible by legislation which provides that each dwelling is now owned separately, whereas corridors, stairs, storage rooms, laundries, etc. are the common ownership of the owners of the individuals flats. Another reason for the high owner-occupant ratio can be found in a lack of investment opportunities in the past, a consistently high rate of inflation and the fact that very negative interest rates had been the reason for little investment in private dwellings. This situation, however, has changed noticeably in the last few years, mainly with the development of a securities market and a monetary policy involving, for example, the fact that real interest rates have become positive, and in fact quite high.

219. The market for rented flats in Iceland is very small. Further, renting a flat seems most often to be considered a temporary phenomenon rather than a permanent state of affairs. Only very few persons or firms own a large number of flats for letting. The largest flat owner, the City of Reykjavík, usually lets out flats to families in difficult circumstances, pensioners, etc. In the 1970s a number of communities also built houses for letting, as in many cases a shortage of housing was judged to be a hindrance to the economic development of the communities. Some of the many charitable organizations in the country have built flats for their clients. In Iceland it has not been the case that cooperative or building societies have built houses for the purpose of letting the flats. It is, however, quite common that multi-family houses are built by cooperative building societies, in which case the ownership of each dwelling by a particular member is decided in advance.

Main changes in the organization of housing matters in Iceland during 1988 and 1989

220. Extensive changes have been made in matters of housing in Iceland during the past two years. The aim has been to direct the assistance of the Government, as far as possible, to the providing of secure dwellings for the lowest-paid wage earners, but also facilitating the real estate transactions of others.

221. In 1988, the Althingi passed legislation on dwellings leased with an option to buy. Such dwellings, built under the auspices of municipalities or associations, offer three choices to people: lease with an option to buy, immediate purchase, or purchase of a part of the dwelling. The hire-purchase system is especially suitable for the countryside because of the various choices it offers. There are a few instances of municipalities and companies providing hire-purchase dwellings when there is a need for an influx of people to the municipalities in question to meet the requirements of the economy.

222. In 1988, a special loan category for people 60 years of age and older, who want to purchase special service dwellings for the elderly, was established. The purpose of this loan category is to make it easier for elderly people to change their dwellings without taking any financial risks. This loan category has indeed ensured that the elderly do not need to sell their dwellings before they move to such service dwellings.

223. In 1989 a radical change was made in the housing system in Iceland when laws on the so-called house-bond system in real-estate transactions concerning older dwellings went into effect. House bonds are fully indexed, as is all housing credit in Iceland.

224. With the advent of the house-bond system, real-estate transactions are facilitated by State-guaranteed bonds instead of direct government loans. At the same time, the Government has ceased to subsidize interest on general housing loans which everybody received, whether they were in need of subsidized interest rates or not. This assistance is implemented with the help of the tax system, using an individual's income and property ownership as a frame of reference. Interest compensation can rise to a maximum of ISK 174,000 per year for a couple, growing less with increasing income and property ownership.

225. The system of interest compensation is for the benefit of low-middle-income people, their real interest being 2-3 per cent if they want to use the house-bond system.

226. Maximum loans made to each buyer of a dwelling within the house-bond system amount to ISK 8.5 million. The term of credit is 25 years.

227. Real-estate transactions within the house-bond system operate in the following way. First, the buyer has to have his credit assessed. The debt service burden of the buyer must not exceed 30 per cent of his total wages. When his credit has been assessed, the buyer makes an offer to the seller. If the seller accepts the offer, the buyer issues a bond with real estate as collateral with a 25-year term of credit. The seller can then exchange this real-estate bond for Government-guaranteed bonds, so-called house bonds. The seller can then use these house bonds when buying another dwelling, keep them as savings or sell them on the market.

228. The house-bond system makes for increased financing of real-estate transactions. In fact the sellers provide the buyers with long-term credit. The authorities, on the other hand, will see to it that there is always a ready market for the house bonds so sellers can always be confident of being able to sell their house bonds.

229. The Icelandic real estate market is rather special in that about 85-90 per cent of families live in family-owned dwellings. This makes for a very good market for house bonds in this country.

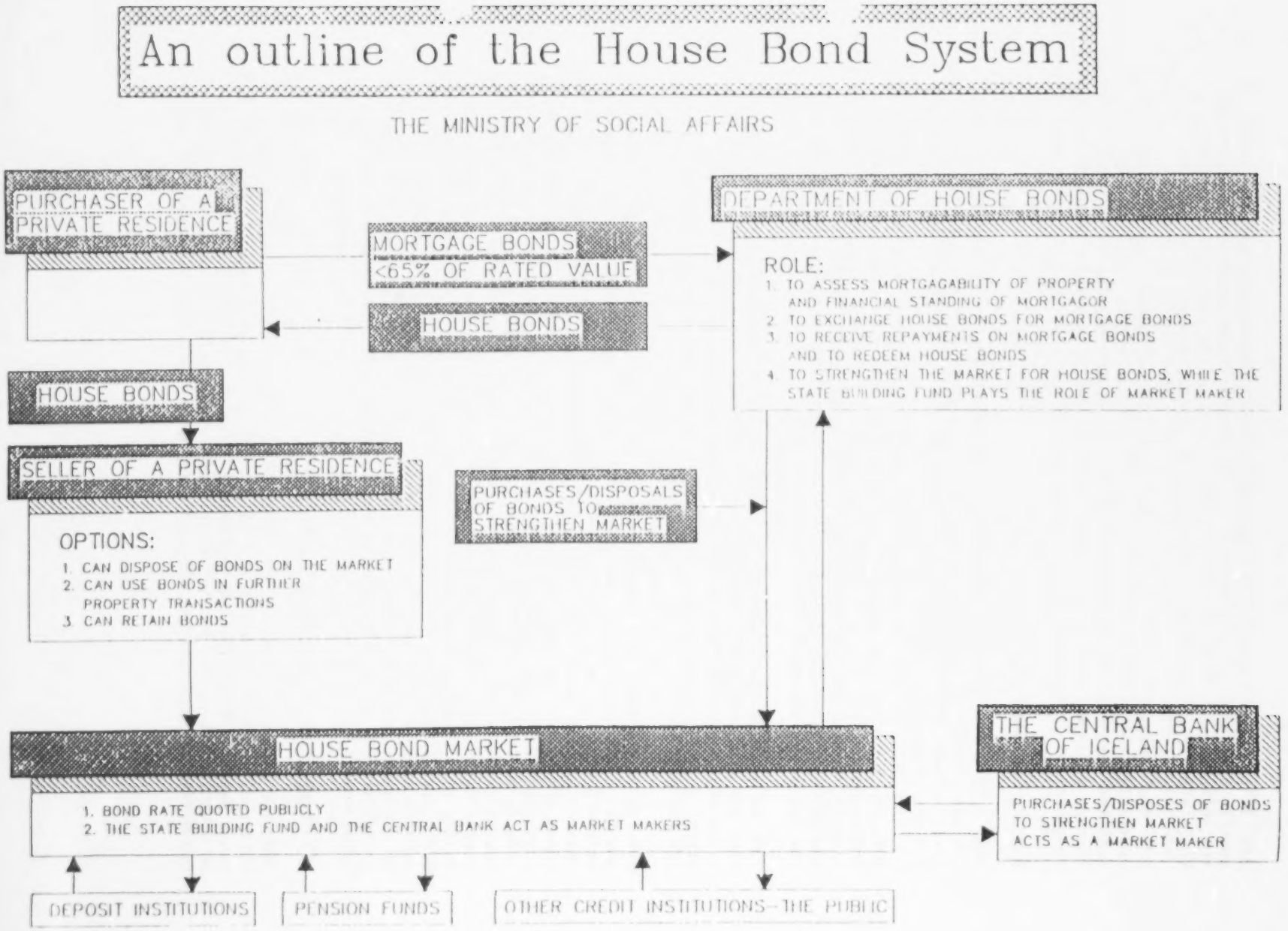
230. Both sellers and buyers of dwellings will benefit from the house bond system. The sellers will receive payments for dwellings sold much sooner than before, and buyers of dwellings do not need to wait in a queue for a State loan to be able to buy a dwelling; the waiting list for building loans has been about two to three years up to now. Fast payments to sellers have worked for steady prices on the real estate market.

231. After 15 November 1990, the house-bond system will also cover new buildings.

232. Many changes have been proposed for State-assisted social housing. A review of the system which was started in May 1988 was concluded recently and will enter into force on 1 June 1990. The aim is to put to better use the money which is put into the social housing system and to increase people's choices, as well as to increase greatly people's opportunities to rent dwellings, increase the help given by the authorities to tenants and to reign in the house-renting market.

233. It is proposed to increase the initiative of the municipalities concerning the construction of social dwellings in each municipality, giving the responsibility for implementation, settlement of accounts and financing to the municipality in question.

An outline of the House Bond System


THE MINISTRY OF SOCIAL AFFAIRS
PURCHASER OF A PRIVATE RESIDENCE
MORTGAGE BONDS <65% OF RATED VALUE
HOUSE BONDS
DEPARTMENT OF HOUSE BONDS
ROLE:
1. TO ASSESS MORTGAGABILITY OF PROPERTY AND FINANCIAL STANDING OF MORTGAGOR
2. TO EXCHANGE HOUSE BONDS FOR MORTGAGE BONDS
3. TO RECEIVE REPAYMENTS ON MORTGAGE BONDS AND TO REDEEM HOUSE BONDS
4. TO STRENGTHEN THE MARKET FOR HOUSE BONDS, WHILE THE STATE BUILDING FUND PLAYS THE ROLE OF MARKET MAKER
HOUSE BONDS
SELLER OF A PRIVATE RESIDENCE
OPTIONS:
1. CAN DISPOSE OF BONDS ON THE MARKET
2. CAN USE BONDS IN FURTHER PROPERTY TRANSACTIONS
3. CAN RETAIN BONDS
PURCHASES/DISPOSALS OF BONDS TO STRENGTHEN MARKET
HOUSE BOND MARKET
1. BOND RATE QUOTED PUBLICLY
2. THE STATE BUILDING FUND AND THE CENTRAL BANK ACT AS MARKET MAKERS
THE CENTRAL BANK OF ICELAND
PURCHASES/DISPOSES OF BONDS TO STRENGTHEN MARKET
ACTS AS A MARKET MAKER
DEPOSIT INSTITUTIONS
PENSION FUNDS
OTHER CREDIT INSTITUTIONS – THE PUBLIC

234. It has been a distinctive feature of the house-renting market in this country that tenants have enjoyed little security and scant assistance from the authorities. With the changes being proposed in the social housing system there should be considerable improvements to that effect.

235. The review of the social housing system was a logical continuation of the reorganization which has been implemented in the general building-loan system. With the advent of the house bond system the authorities have increased their chances of appropriating additional funds to social housing and in this way to increase the opportunity of the lowest paid workers to obtain secure dwellings.

Housing for the elderly

236. A five-year plan of construction and implementation concerning housing for the elderly is being prepared, for the purpose of assisting the elderly to live in their own homes as long as they want to, in older dwellings or in new and more economical ones.

237. The opportunities of people to live comfortably in their old age have increased greatly with a general improvement in property ownership by the elderly, with a special loan category for people of 60 years of age and older who purchase specially outfitted service flats, the hire-purchase system and the house bond system.

238. In Iceland, there are about 26,000 people 65 years of age and older. They own about ISK 100 billion in real estate and other property. About 5,000 individuals in this group do not own any real estate. The average property ownership of married couples is thought to come to about ISK 6-7 million.

239. It is possible, with the increased participation of the banking system and the house bond system, that the great majority of elderly people who are well off will not need assistance from the official building loan system to be able to acquire convenient dwellings in their old age. The reason is that these people for the most part own property. It should prove beneficial for both the elderly and the banking system if the banking system would assist the elderly in changing their dwellings; it should be possible to arrange loans, taking into account payments received by the elderly as the sellers of their former dwellings. The house bond system is very suitable for elderly persons owning some property when they want to sell their often large and inconvenient dwellings, as payments to sellers are fast in the house bond system. If the above-mentioned plans are realized, it will prove possible to direct the funds of the state building-loan system toward helping the disadvantaged within the social section of this system and for the purpose of strengthening the house-renting market, which is very urgently needed in this country.

(f) Protection of mothers and children

240. The main provisions on the protection of families, i.e. mothers and children, are to be found in Act No. 53/1966 on the protection of children and young people. Protection of children is also dealt with in Act No. 15/1978 on adoption and in Act No. 9/1981 in respect of children. Acts No. 15/1978 and 9/1981 are available in English translation (see Appendices Nos. 8 and 16).

241. According to article 4 of the laws on the protection of children and young people, the principal policy dictates that a child welfare committee shall operate within every municipality and county. Article 2 states that all activities for the protection of children and young people shall be dealt with by child welfare committees and a child welfare council. Matters concerning child welfare shall be supervised by the Ministry of Education. There shall be one child welfare council for the whole country. Child welfare committees are subject to supervision by the Child Welfare Council, and rulings made by them may be referred to the Council.

242. Article 1 of these laws lists tasks and solutions in the protection of children and young people, i.e.:

1. General supervision of conditions and upbringing in the home.

2. Supervision of behaviour and conduct outside the home.

3. Arranging for fostering, adoption or a stay in special homes or reformatories.

4. Supervision of pedagogic institutions, such as nursery schools, crèches, day nurseries, play schools, kindergartens, summer homes, and homes for mentally retarded children and young people.

5. Supervision of children and young people who are physically or psychologically handicapped, especially the ones who are blind, speech-defective, physically handicapped or retarded.

6. Supervision of children and young people who are morally defective, have violated the law or gone wrong in another manner.

7. Protection against unsuitable work.

8. Supervision of public entertainment.

243. The Child Welfare Council publishes a biannual report on its activities. At the time of writing the Child Welfare Council's reports for 1984 and 1985 were being published. The introduction to the report explains, among other things, that efforts have been made to make the report more detailed than before. For that purpose, questionnaires were sent out to local child welfare committees to obtain information about their activities. Unfortunately, there were some difficulties in obtaining this information and therefore statistics published in the report are not very reliable. It is noted that the reason for information on the activities of child welfare committees being inaccessible is, among other things, that it has proved difficult to define various concepts in this field with respect to registration. Original registrations by child welfare committees and local welfare departments are obviously a prerequisite for obtaining accurate information. Such registration is presently deficient to the extent that it has not been coordinated. Thus, it is not clear whether similar solutions or intervention have been evaluated in the same manner, i.e. whether intervention with a family or a child is considered to be a "social service" to the family or a "child welfare solution". Often these are intertwined to the extent that evaluation becomes a matter of pure assessment.

Although efforts have been made to improve the annual reports of the Child Welfare Council, they should not be considered a reliable yardstick of the welfare of Icelandic children.

244. The Council's report points out that Icelandic society is in a state of rapid development. Not long ago the main problems facing children and their families were the huge number of children, poverty and diseases. The picture now before is much more complicated, i.e. general ignorance by parents of how to bring up a child, complex personal difficulties afflicting parents, alcoholism or a poor emotional state, often multiple difficulties facing the same family. It is difficult to make any unequivocal assertions on conditions facing children who need assistance in this country. Table 16 shows some statistics on the activities of child welfare committees, the number of cases dealt with and the number of children involved.

Table 16. Activities of child welfare committees

	Capital area		Rural areas	
	1984	1985	1984	1985
Number of meetings	101	131	221*	228*
Cases	210	174	88*	108*
Number of children involved	324	273	103*	118*

Source: Icelandic Child Welfare Council

* Figures from larger towns are not included.

State Treatment Homes for Adolescents

245. On the basis of Act No. 53/1966 on the protection of children and young people, the State operates an institution called the State Treatment Homes for Adolescents (STHA). This institution now operates in accordance with Regulation No. 467/1989. According to article 1 of this regulation, the State shall assist children aged from 12 to 15 years (inclusive) for longer or shorter periods if this becomes necessary due to the children's behaviour problems, due to a serious lack of normal care and supervision by their guardians (mentors) or due to serious disturbances in the conditions of the children in question. The regulation stipulates that this assistance shall consist of the following:

(a) Short-term detention during which the necessary steps are taken based on the laws for the protection of children, or when normal conditions and supervision of the child in question are very deficient;

(b) Detention while the child in question is kept under observation, its problems defined and measures taken for improvement;

(c) Long-time detention for the purpose of rehabilitation;

(d) Counselling, therapy and other professional assistance without detention.

246. The STHA is governed by a committee of three people appointed for a term of four years by the Minister of Education. One is nominated by the Child Welfare Council, another by the Reykjavik Social Welfare Committee and the third, appointed by the Minister of Education without nomination, shall be the chairman of the committee.

247. The STHA operates four units: four detention units, an out-patient clinic and a school. These units are:

(a) The Counselling Service for Adolescents, which provides a treatment and counselling service for adolescents and their families, as well as publicity and instruction for professionals and the public. Within the Family Division of the Reykjavik Municipal Department of Social Affairs there is a special division for assisting young people in distress. Within it there is a service for tracking down adolescents who belong to groups at risk. Reykjavik municipality also operates two adolescent refuges and one adolescent residential home;

(b) A reception unit where police and child welfare committees can without prior notice have children detained for a short time. This unit also accommodates children for observation and therapy, on the average for six to eight weeks. The facilities for observation can accommodate a maximum of four children, and three for emergencies;

(c) A therapy centre for long-term detention of 6 to 12 months or longer, if necessary. There is accommodation for up to seven children;

(d) A children's communal home which is operated as a family home, with a married couple living on the premises with their own children. This is intended for children with social problems who are considered able to attend a general school or work with the support they receive from the home. The maximum number of children is five;

(e) A therapy centre at Torfastadir, operated as a private institution for six children at a time. The centre is financed directly by the Ministry of Education, and it is operated under the direct administration of the Ministry. The governing committee of STHA, however, is responsible for professional supervision of the centre's activities, and there is cooperation between the Torfastadir centre and other units of STHA;

(f) The school at Einholt 2 was previously a part of STHA. From autumn 1989 a change was made to the effect that now the school is under the direct professional and operational administration of the Ministry of Education. As before, this school is operated for the benefit of those children who are detained in STHA-operated centres, in addition to those who live at home but who, in the opinion of the school and the Children's Counselling Service, are not able to attend school in the general elementary school system.

248. Accepting a proposal presented by a special minister's committee and the Joint Ministerial Committee on Drug Use, the Government of Iceland decided, on 22 August 1989, that a therapy centre for young drug addicts should be established. It is proposed that this centre should be established and operated under the auspices of the State Treatment Homes for Adolescents. It is expected that this centre will start its operations in late 1990.

249. From 1985, the Icelandic Red Cross has operated a special refuge for children. The purpose of its operation is to assist children with problems, inter alia, due to drug use. This centre provides the children with first aid so they can return to normal life. This centre can accommodate about five or six children at a time. During the first 32 months of operation, i.e. up to the end of August 1988, 326 visits had been registered by 160 individuals.

250. On the same premises, the Red Cross has, from 1987, operated an emergency phone service for children. Children and young people can seek assistance and advice by dialling its phone number. This service has been very well publicized in schools and the media.

251. The municipality of Reykjavik operates a residential home for young mothers who are convalescing after difficulties due to illness and/or have no other lodgings. Applications for a stay at this home are sent to the family division of the Reykjavik Municipal Department of Social Affairs. This home accommodates six women with children of six years of age and younger. Table 17 shows some figures relating to the operation of the home.

Table 17. The activity of residential home for young mothers

	No. of women	Days of stay	No. of children	Days of stay
1987	19	1 911	18	1 827
1988	15	1 938	17	1 779

Pre- and post-natal protection

252. In accordance with Act No. 59/1987, amending the law on social security, pregnancy leave in Iceland is six months. Compensation paid during this period is a pregnancy subsidy, on the one hand, and a pregnancy leave grant, on the other. Those who are entitled to compensation during a pregnancy leave are entitled to an unpaid leave of absence for the period for which the pregnancy leave grant is paid by the State Social Security Institute.

253. A mother having lawful domicile in Iceland is entitled to a six-month pregnancy subsidy at each birth. This subsidy shall not be paid to the father. Women who are employed by the State, the municipalities or the banking system and/or others who receive full wages during a pregnancy leave are not entitled to a pregnancy subsidy from the State Social Security Institute during the period for which they receive full wages. These women, however, are entitled to a birth subsidy from the State Social Security Institute for the fourth, fifth and sixth month of the pregnancy leave if their paid-for pregnancy leave has not been extended by regulation or wage agreement.

254. It should be noted that the pregnancy subsidy is paid to the mother whether she is working inside or outside the home, and also to students, and that it is paid whether or not the mother has been working outside the home for the last 12 months before the start of the pregnancy leave.

255. A mother who has lawful domicile in Iceland is entitled to a pregnancy per diem allowance for six months. Women who are employed by the State or

municipalities, or by the banking system, and/or who receive full wages during their pregnancy leave in accordance with wage agreements are not entitled to a pregnancy per diem allowance from the State Social Security Institute for the period during which they receive full wages. However, these women are entitled to pregnancy per diem allowances from the State Social Security Institute for the fourth, fifth and sixth months of pregnancy leave if their paid-for pregnancy leave has not been extended by regulation or wage agreements.

256. If the mother gives her consent, the father is entitled to a pregnancy per diem allowance in her place, provided he does not receive wages for employment in the meantime. A father shall inform his employer with at least 21 days' notice if he wishes to go on pregnancy leave. The amount of the pregnancy allowance paid to the father shall be based on his hours worked for the last 12 months before his pregnancy leave commences.

257. The first payment of the maternity leave allowance can take place one month before the expected birth date. The applicant must be able to present a certificate made out by a doctor or a health-care centre on the expected birth date. Also, the applicant must stop working for pay to be entitled to a pregnancy subsidy and, as applicable, a per diem maternity allowance.

258. In May 1990, the maternity subsidy amounted to ISK 22,418 per month. At that time, a full per diem maternity allowance came to ISK 940 per day, and a one-half allowance to ISK 470.

Article 11: Right to an adequate standard of living

259. Legislation on mutual social assistance has its roots as far back as the founding of the Icelandic Commonwealth in the year 930 AD. The most important stipulations are found in Act No. 80/1947, the Maintenance Act. Article 1 of this Act lays down the principle that the community is at all times responsible for the maintenance of any person or any family in the community that finds itself in need of support due to poverty, sickness, unemployment or for any other reason, provided there are no relatives nor in-laws (parents, children, husband, wife) having the legal duty and the means to maintain the needy.

260. This obligation of the community to provide support is also enshrined in recent legislation, in article 6 of Act No. 8/1986 on Local Authorities. This includes definitions of the tasks of the local government authorities and states that they include, amongst other things, "social matters, including support, assistance for the elderly and the disabled, child protection activities, preventive measures against drug abuse, the operation of day-care centres for children, the operation of old people's homes and the operation of a home-help service".

261. Although the most important legislation in the sphere of social assistance dates from 1947, many of the provisions in the laws are much older. Partly because of this reason, they are in many respects no longer in line with present social conditions in Iceland. In recent years committees have been appointed to revise the laws, but no general agreement has yet been obtained on the legislative bills that have been proposed up to now.